

Case No.

53

Application, Transcript,
Small Exhibits, Etc.

APR 8 1964
JUNE 31-20N-31E, Harding County

STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 3, 1946

Mr. Manuel Sanchez
Attorney-at-Law
Santa Fe, New Mexico

Dear Mr. Sanchez:

Since you are attorney for the Colo-Mex Company, which is interested in a carbon dioxide well, Section 31, Township 20 N., Range 31 E. in Harding County, I am taking this opportunity to remind the Colo-Mex Company that the well in the above-named location is still improperly connected; that is to say where they should have a high-pressure gate installed on the well head (500 pounds or over), they have a two-inch gate installed, which is decidedly dangerous, because it is not a high-pressure gate.

You will recall the hearing before the Oil Conservation Commission with reference to this well on October 6, 1945. It is in the interest of safety, and it is a regulation with the Commission that the proper type of gate be installed on this well head.

Please be advised that this letter is an order requiring Colo-Mex Company to make the necessary changes at the well in question or be liable to suffer the consequences of not complying with a rule or order of the New Mexico Oil Conservation Commission.

Very truly yours,

RRS:mem

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

October 16, 1945

Kiker & Sanchez
Attention: Manuel Sanchez, Esquire
Santa Fe, New Mexico

K. H. Dally, Esquire
Borger, Texas..

Re: Case 53, Order 621 - revoking Order 587 and the plugging
permit issued pursuant thereto.

Re: Colo-Mex Gas Company - \$5000 bond - NENE (NENW) Carbon
dioxide well - 31-20N-31E. National Surety Corp.
Filed 10-16-45.

Re: Head & Miller bond - NENE (NENW) 31-20N-31E. Maryland
Casualty Co. Cancelled 10-16-45.

Gentlemen:

Enclosed please find copy of the Commission's order revoking
Order No. 587, and the plugging permit issued pursuant thereto.

The Colo-Mex Gas Company's bond noted in the caption and heretofore
filed is accepted and the Head and Miller bond noted in the caption is
cancelled.

Mr. Roy O. Yarbrough, Oil and Gas Inspector, recommended on October
6, as shown by the record, a stronger valve be installed at said well.
For details of the type and character of valve it is suggested that
communications be made directly with Mr. Yarbrough at Hobbs, New Mexico.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS
cc Roy Yarbrough
Ray Miller.

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE MOTION OF
COLO-MEX GAS COMPANY TO VACATE AND
SET ASIDE ORDER NO. 587 AND THE PERMIT
ISSUED THEREUNDER TO J. L. HEAD AND
W. A. MILLER TO PLUG THE CARBON DIOXIDE
WELL UPON SECTION 31, TOWNSHIP 20N,
RANGE 31E; TO ACCEPT THE PLUGGING BOND
SUBMITTED BY COLO-MEX GAS COMPANY TO
COVER SAID WELL; AND TO CANCEL THE
PLUGGING BOND OF J. L. HEAD AND W. A.
MILLER.

CASE NO. 53

ORDER NO. 621

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on through the motion of Colo-Mex Gas Company by its attorneys, Kiker and Sanchez, and the citation by the Commission directed to J. L. Head and W. A. Miller to show cause before the Commission on or before October 6, 1945, at 10 A.M., why Order 587 and the permit issued pursuant thereto, permitting said parties to plug the carbon dioxide well upon Section 31, Township 20N, Range 31E, Harding County, should not be revoked and held for naught. Said parties having been served with copy of citation and having accepted service thereof and having failed to appear;

NOW, on this 15th day of October, 1945, the Commission having considered the evidence taken before John E. Miles for the Commission on October 6, 1945, 10 A.M., and being fully advised in the premises;

IT IS THEREFORE ORDERED:

SECTION 1. That Order 587 and the plugging permit issued pursuant thereto be and is hereby revoked.

SECTION 2. That the plugging bond of Colo-Mex Gas Company to cover said well, now filed with the Commission, be accepted and the plugging bond of J. L. Head and W. A. Miller for same said well be cancelled.

SECTION 3. That the order herein be effective upon its execution.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION


JOHN J. DEMPSEY, CHAIRMAN


JOHN E. MILES, MEMBER

SEAL

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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October 9, 1945

MEMORANDUM TO GOVERNOR JOHN J. DEMPSEY:

Attached hereto is a copy of the record taken before John E. Miles for the Commission on October 6, in connection with the citation of Head and Miller, on the motion of Colo-Mex Gas Company, through Kiker and Sanchez, to show cause why Order 587 and the plugging permit issued pursuant thereto to Head and Miller to plug the carbon dioxide well on the F. C. Baca lease in Harding County, should not be revoked and the plugging bond of J. L. Head and W. A. Miller be cancelled.

As the record shows, Head and Miller accepted service but failed to appear.

The plugging bond filed by Colo-Mex Gas Company is in good order. Assuming that it is the Commission's desire to cancel Order 587 and the plugging permit issued thereunder to Head and Miller, a suggested order is attached for your Commission's consideration.

OIL CONSERVATION COMMISSION

By

Chief Clerk & Legal Adviser

GBL:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

October 9, 1945

MEMORANDUM TO COMMISSIONER OF PUBLIC LANDS JOHN E. MILES:

A copy of the record in the carbon dioxide well matter taken before you for the Commission on October 6th has been transmitted to Governor Dempsey for his study, accompanied by a suggested order for consideration of the Commission.

Attached is a copy of the record for your files.

OIL CONSERVATION COMMISSION

By

Chief Clerk & Legal Adviser

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BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF EMERGENCY ORDER NO. 617, SUSPENDING ORDER NO. 587, PERMITTING THE PLUGGING OF THE CARBON DIOXIDE WELL SECTION 31, TOWNSHIP 20 NORTH, RANGE 31 EAST, HARDING COUNTY; CITATION OF J. L. HEAD & W. A. MILLER TO SHOW CAUSE BEFORE THE OIL CONSERVATION COMMISSION WHY SAID ORDER NO. 587 AND THE PLUGGING PERMIT ISSUED PURSUANT THERETO SHOULD NOT BE CANCELLED AND HELD FOR NAUGHT; AND THE ACCEPTANCE OF COLO-MEX'S PLUGGING ~~AND~~ BOND AND THE CANCELLATION OF THE HEAD AND MILLER PLUGGING BOND UPON SAID WELL.

Pursuant to said citation duly made and personally served, setting October 6, 1945 at 10:00 o'clock A. M., for hearing in the above entitled matter, said hearing was convened on said day at said hour, John E. Miles, Commissioner of Public Lands and Member of the Oil Conservation Commission, sitting for the Commission for the purpose of receiving the testimony and other pertinent matters for the record, for the purpose of being considered by the Commission.

ATTENDANCE: John E. Miles, State Land Commissioner and Member of Oil Conservation Commission.
Carl Livingston, Chief Clerk & Legal Adviser
George Graham, Attorney for State Land Office
Manuel Sanchez, Attorney for Colo-Mex.

BY MR. MANUEL SANCHEZ:

On January 29, 1945 the Commission made an order providing that the well producing carbon-dioxide in Section 31, Township 20 North, Range 31, East, Harding County, be plugged. The order was made upon application of J. L. Head and W. A. Miller, Principals in the bond furnished. Subsequent to that time a permit has been issued for the plugging of the well. The well is not an abandoned well, but is producing gas in considerable quantity, although the gas is not being marketed. The Colo-Mex Gas Company, a Corporation, is interested in the well and contends it holds a lease from the original point of the land in which the well is located and the validity of the lease is now before the courts for determination.

A motion has been filed before the Commission by the Colo-Mex Gas Company moving that the Commission accept surety bond tendered by said Colo-Mex Gas Company in which the National Surety Corporation is the Surety, to guarantee the plugging of the well for the purpose for which such bond is required by statute and the rules and regulations of the Commission. The question that the Commission accept the new bond and that Head and Miller and the Surety be fully and completely relieved of the obligations under their bond and that the Commission revoke the permit to plug the well and rescind its order heretofore entered, ordering that the well be plugged. Notice of the hearing on the motion and the order entered by the Commission on the 22nd day of September 1945 has been given to J. L. Head and W. A. Miller. W. A. Miller having been served with a copy of the order and motion by the sheriff of Colfax County, New Mexico, on the 25th day of September 1945, and J. L. Head having been served by Dale Lane, Sheriff of Hutchinson County Texas, on the 26th day of September 1945, and further K. H. Dally, Attorney-At-Law, Borger, Texas, who was attorney of record in this matter for J. L. Head, has written that Dr. J. W. Head is accepting service by virtue of his full and general power of attorney from J. L. Head, and that he, K. H. Dally, as attorney for J. L. Head accepted service and would make proper appearance. The matter comes up before the Commission on the hearing on the motion filed by Colo-Mex Gas Company.

On behalf of the Colo-Mex Gas Company we submit that J. L. Head and W. A. Miller could possibly have no valid objections to the acceptance of the bond here intended by the Colo-Mex Gas Company, and an order relieving J. L. Head and W. A. Miller and their Surety under their obligations of the bond heretofore

filed, and that if this be true they could not in any be interceded by an order of the Commission revoking the order in this matter entered on January 29, 1945 for the cancellation of the permit to plug the well. In fact they would be relieved of the actual expenses of plugging the well and of any further question of liability on the bond should anything arise from any of the conditions of the plugging, which might be done under the order and permit to plug a well.

An explanation might be made as to the delay of Colo-Mex Gas Company in furnishing bond - correspondence if our files (files for Attorneys of Colo-Mex) shows that they have been endeavoring to obtain a bond since May of 1945. Due to the fact that Colo-Mex Gas Co. had no tangible assets and all of their assets consist of their interest in the well, it is somewhat difficult to obtain a Surety Company bond, and it was not until September 4, 1945 when Judge Kiker was in Denver that the matter of the furnishing of the bond was definitely arranged, and within reasonable time after that date the bond was furnished and it has now been filed with the Commission.

(Testimony of Mr. Roy Yarbrough, after being duly sworn)

COMMISSIONER MILES: Please state your name and occupation.

MR. YARBROUGH: Roy O. Yarbrough, State Oil and Gas Inspector.

COMMISSIONER MILES: Do you know what date you went up there and inspected the well?

MR. YARBROUGH: Probably ten days after the hearing, I don't remember the exact date. I inspected the well and I did not find it leaking gas as it was reported.

COMMISSIONER MILES: Was that a charge that had been made?

MR. YARBROUGH: Yes, that was my understanding, they wanted to plug the well - outside the pipe by the 8" and 6" they

put wood between the 8 and 6 to stop that gas. When I got there, there was no leaks at all.

COMMISSIONER MILES: What year?

MR. YARBROUGH: It was a week or ten days after this hearing in August 1944.

MR. LIVINGSTON: The hearing was August 4, 1944.

MR. YARBROUGH: Probably August 10 or 11, but I did not find the well leaking, it was in good condition.

MR. SANCHEZ: Did you find any loss of pressure?

MR. YARBROUGH: I did not find any waste, it was in good shape with the exception they had a reduction from 6-5/8 to 2", had 125 pound pressure valve which was not safe, but was holding. The only thing I found leaking at all was the packing around the valve stem on the master gate was losing very little gas, wouldn't be over 50¢ to pack that valve stem.

COMMISSIONER MILES: Has there been an inspection made since that time?

MR. YARBROUGH: Not to my knowledge.

COMMISSIONER MILES: What is the condition of that well at the present time, anybody know?

MR. SANCHEZ: Governor an inspector of the Oil Conservation Commission, on November 23, 1939 tested the well and reported before the Commission, it was claimed in the suit that the well had considerable leakage. The leak was testified to by persons who are not technically qualified to know what occurs. In order to satisfy the court we had Mr. Yarbrough go up there after we held the hearing. Mr. Yarbrough's report is practically the same in 1944 as it was on November 23, 1939.

MR. GRAHAM: Is it a producing well?

MR. YARBROUGH: Yes sir.

MR. GRAHAM: Isn't it true it is the biggest producing well in that field?

MR. YARBROUGH: After the test made in 1939 - tested the volume, I didn't test the well for volume but did open the well up and let it blow for almost an hour, the master gate was open. I tested the pressure, the 5" did not notice it being a low pressure valve before I opened it, might get it open but might kill you when you closed it. I went to the store to get some information from the man there in regard to those wells. I make that arrangement when necessary but unless something comes up I don't go up there and inspect the well. I was afraid it would blow up, went up to get some information, wanted to take the pressure off. I intended to let it blow until it was safe to close it, I made a statement in my report the 2" should be replaced. I went back there and closed it. I imagine that gate well is probably still on there, I just closed it right quick, then got away, was afraid it would blow up.

MR. SANCHEZ: Probably, Governor Miles, they had a conservancy measure in plugging it.

COMMISSIONER MILES: Yes and any other if there is a danger of it blowing up.

MR. SANCHEZ: Is there such a danger?

MR. YARBROUGH: That valve is supposed to stand 125 pounds of pressure. I never thought of a man putting 125 pound pressure valve on a 500 pound well.

COMMISSIONER MILES: You found it to be 510 pounds?

MR. YARBROUGH: When I opened it up, in about 5 minutes the ice began to form on the 2" pipe. Using it as separating fluid the gas went up overhead then came down into this

coil and the ice got about 1½" thick on it. I saw the ice begin to form on the 2" pipe, then I was afraid to close it.

COMMISSIONER MILES: You recommend something be done about that?

MR. YARBROUGH: I recommend a new gate valve on it. However, it is still holding, when I closed the 2" gate valve did not have any way for me to close the master gate valve, the wheel had to be taken off. The boys made the test from the Oil Conservation Commission in Hobbs in 1939 could not open it on account of the stem being crooked. I imagine the Colo-Mex Company probably opened it, afterwards the valve stem was straight and it was leaking very little around the 2" valve stem. I was afraid it would blow up when I closed it, but they had closed it themselves and had been closed for sometime. I opened it and let it blow a few minutes.

MR. SANCHEZ: It is evident all the apparatus on the well had been there since 1939, comparatively 6 years?

MR. YARBROUGH: Yes, I don't know when they put this 2" connection on the well where they reduce it to 2" from the 6-5/8 casing, everything from the 2" back is built to stand that pressure but that 2" valve had been put on when they connected this thing up there to separate that fluid from the gas.

MR. SANCHEZ: It is reasonable to presume what apparatus is there now will continue to be safe up there?

MR. YARBROUGH: It has been there probably 2 or 3 years, it is not wasting any gas, the well is safe, no leaks except the last leak around the master gate valve stem.

MR. SANCHEZ: That as I understand it would be a recommendation that a new valve be put in that would be safe to hold this?

MR. YARBROUGH: I wouldn't want to work around it, it would probably hold now but might blow up and kill somebody, it isn't wasting any gas at this time.

COMMISSIONER MILES: The gas is being used now?

MR. SANCHEZ: They are trying to market the gas, if the litigation is favorable to the Colo-Mex Company they intend to build a plant to manufacture the gas, the dry ice.

COMMISSIONER MILES: This bond they are making now covers the plugging of the well?

MR. LIVINGSTON: Yes sir, it is filed and tendered for acceptance. I will call your attention to a telegram being dated September 16, 1945 signed by J. W. Head, asking not to accept bond from anyone of the Head and Miller well, having been followed by a registered letter of September 20, 1945 to that effect, however, the parties have been cited to appear at this hour today (October 6, 1945) and as the record has already shown, they have been served and have not appeared as cited.

MR. GRAHAM: Although you have delayed the proceedings for sometime.

MR. SANCHEZ: The time allowed between the date of service of the notices and the time fixed by regulations for serving of notices.

The Colo-Mex Gas Company conceives of no valid reason for the objection of the acceptance of its bond and the cancellation of the bond heretofore furnished by Miller and Head.

COMMISSIONER MILES: Anything further to state?

(No statements)

COMMISSIONER MILES: I state we have been sitting for the purpose of taking testimony into the record at this hearing to be considered at a later date when Governor Dempsey, Chairman of the Commission, can be present, at that time our decision will be made.

C E R T I F I C A T E

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took the testimony of the hearing held before the Commission in the matter of emergency order No. 617, suspending order No. 587, permitting the plugging of the carbon dioxide well Section 31, Township 20 North, Range 31 East, Harding County; Citation of J. L. Head & W. A. Miller to show cause before the Oil Conservation Commission why said Order No. 587 and the plugging permit issued pursuant thereto should not be cancelled and held for naught; and the acceptance of Colomex's plugging and bond and the cancellation of the Head and Miller plugging bond upon said well, held in the Office of Commissioner John E. Miles, October 6, 1945, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral testimony presented before the Commission.

WITNESS my hand this 8th day of October, 1945.

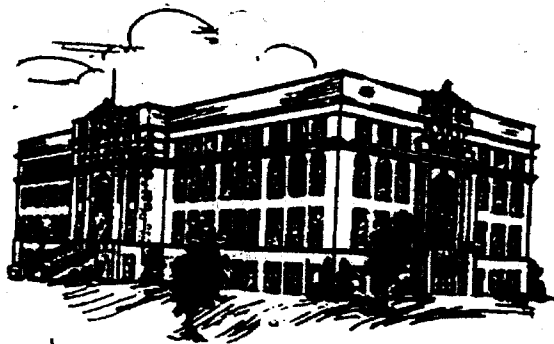
Vastie Fowler

REPORTER



County of
HUTCHINSON

State  Texas



DALE LANE
SHERIFF

Bogert
Bogert, Texas

September 26, 1945.

Kiker & Sanchez
Salmon Building
Santa Fe, New Mexico

Gentlemen:

The within papers handed to ~~Dale Lane~~ Doctor J.W. Head by Dale Lane, has been called to my attention. Dr. Head is accepting service by virtue of his full and general power of Attorney from J.L. Head, and the writer as attorney for J.L. Head, is writing this letter so that the matter may be fully understood by you. We will accept service, and make proper appearance.

Very truly yours,

H. & Dally
Dale Lane Sheriff

PROOF OF SERVICE

STATE OF NEW MEXICO)
 : ss.
COUNTY OF COLFAX)

I hereby certify that on the 25th day of September, 1945,
within the County of Colfax, State of New Mexico, I delivered person-
ally to W. A. Miller a true copy of the Order and the Motion to which
this certificate is attached.

Jack Robinson
Sheriff
Colfax County, New Mexico
Tom Durr Deput

PROOF OF SERVICE

STATE OF TEXAS)
 : ss.
COUNTY OF HUTCHINSON)

Dale Lane

being first duly sworn, upon oath

deposes and says: that he is the Sheriff of Hutchinson

County, Texas, and over the age of 21 years; that on the 26th day

of September, 1945, affiant delivered personally to J. L. Head at

acting Power of attorney for J. L. Head
Borger, Hutchinson County, Texas, a true copy of the Order and the

Motion to which this affidavit is attached.

Dale Lane-Sheriff

Subscribed and sworn to before me this 26 day of

September, 1945.

K. K. Dally
Notary Public

My commission expires:

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF:
THE APPLICATION OF J. L. HEAD AND
W. A. MILLER FOR AN ORDER DETERMINING AS
ABANDONED THE CARBON DIOXIDE WELL SOMETIMES
KNOWN AS THE J. L. HEAD & W. A. MILLER
CARBON DIOXIDE WELL, NENE (SOMETIMES
DESCRIBED AS NENW) 31-20N-31E, HARDING
COUNTY, NEW MEXICO, AND TO GRANT LEAVE TO
PLUG SAID WELL IN ACCORDANCE WITH THE LAWS,
RULES AND REGULATIONS OF THE COMMISSION.

CASE NO. 53

ORDER NO. 587

EMERGENCY ORDER NO. 617

It having been made to appear to the Commission that an order herein issued on the 29th day of January, 1945, providing that the carbon dioxide well in Section 31, Twp. 20 N., R. 31 E., be plugged, all upon application of J. L. Head and W. A. Miller, in accordance with the bond heretofore furnished, and that said well be plugged within six months from the effective date of said order, which effective date was on or about August 13, 1945, and that permit herein has issued to said J. L. Head and W. A. Miller to plug said well under supervision of the State Oil and Gas Inspector, Roy C. Yarbrough, and that said well has not, as of the date hereof, been plugged, and it further appearing that Colo-Mex Gas Company has filed herein a proper bond for the plugging of said well, in accordance with the program approved by the Commission, when dry or when abandoned, and the motion having been filed by said Colo-Mex Gas Company for the cancellation of said order heretofore issued on the 29th day of January, 1945, and the cancellation of said permit to plug said well, and it further appearing that Colo-Mex Gas Company is a party interested in said well, and that as to said Colo-Mex Gas Company, there is question whether said well has been abandoned, and it further appearing to the Commission that said J. L. Head and W. A. Miller, and their surety, may be fully and completely discharged from their obligations under the bond heretofore given by them by the bond herein filed by said Colo-Mex Gas Company, and it further appearing to the Commission that an emergency exists by reason of insufficient time in which to hold a hearing without the issuance of the order which follows;

IT IS NOW DECLARED that an emergency be and is hereby declared to exist in this cause, and that the order heretofore entered on the 29th day of January, 1945, and the permit for the plugging of said well heretofore issued, be and the same is hereby held in abeyance for a period of 15 days from the date hereof, and pending the hearing on said motion filed by said Colo-Mex Gas Company;

IT IS FURTHER ORDERED that said J. L. Head and W. A. Miller show cause, if any they have, on or before the 22nd day of October, 1945, at the hour of 10:00 A.M. in the office of the Commission at Santa Fe, New Mexico, why said order herein mentioned dated January 29, 1945, and the permit to plug said well heretofore issued in pursuance of said order, be cancelled and held for naught;

IT IS FURTHER ORDERED that proper notice of said hearing and of the entry of said order be given to said J. L. Head and W.A. Miller in accordance with the provisions of the regulations of the Commission.

Dated and Done at Santa Fe, New Mexico, this 22nd day of September, 1945.

OIL CONSERVATION COMMISSION


Chairman


Member

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

M O T I O N

Colo-Mex Gas Company, by its attorneys Kiker & Sanchez, moves the Commission to accept the surety bond tendered herewith as executed by movant as principal and National Surety Corporation as surety, for the purpose for which such bonds are required; and,

Movant further asks the Commission to cite Head and Miller to show cause why the permit heretofore issued to them for the plugging of the carbon dioxide well in Section 31, Twp. 20 N., R. 31 E., should not be cancelled and held for naught, since the bond submitted by movant offers full assurance that any appropriate order made by the Commission will be carried out; and further movant requests the Commission that in consideration of the filing of the bond tendered herewith by Colo-Mex Gas Company, Head and Miller and their surety be fully and completely discharged from their obligations under the bond heretofore given by them at the time when the permit to plug is cancelled.

KIKER & SANCHEZ

By H. Kiker

Santa Fe, New Mexico
Attorneys for Colo-Mex Gas Co.



COPY OF WESTERN UNION TELEGRAM

Prepaid - Telegram

SANTA FE NEW MEXICO
SEPTEMBER 22 1945

J. HENRY REED, M.D.
120 EAST FIFTH STREET
SANTA FE, N.M.

COMMISSIONER ORDERED TODAY TO EFFECT GAS WELL NOT BE PLUGGED
FOR FIFTEEN DAYS FROM DATE. YOU WILL BE NOTIFIED OF FURTHER PROCEEDINGS.

CARL B. LIVINGSTON
OIL CONSERVATION COMMISSION

Oil Conservation Commission

J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS

September 20, 1945

Mr. Carl Livingston
New Mexico State Oil & Gas Conservation Commission
State Building
Santa Fe, New Mexico

My Dear Carl:

I wired you Sunday advising that you nor the Commission accept a bond from anyone proposing to put up a bond on the Head, Miller well in Harding County, New Mexico. I have a plugging permit signed by the State Inspector at Hobbs New Mexico, giving me full authority to plug said well the same to be plugged according to his instructions and under his supervision.

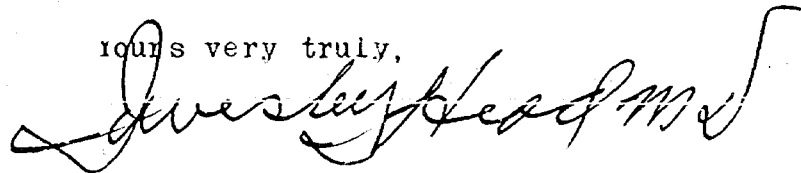
As I advised you some weeks ago, that I had gone to considerable expense in arranging to plug this well and his equipment is now in Mosquero, New Mexico.

But after communicating with you I found that the time limit set by the commission had not expired and would not expire until the 13th of August 1945. As soon as the time limit set by the commission expired, I made application to the inspector at Hobbs New Mexico to whom you referred me in your letter, thereupon I received a legal order to plug the well as above stated.

I felt it would be advisable to notify you.

I have gone to considerable expense in getting a man to plug the well, he has moved his equipment to Mosquero some weeks ago and for that reason I would not want anyone to put a monkey wrench in the machinery. Assuring you of my very best regards and hoping to see you in the very near future. I am,

Yours very truly,



JWE:db

J. WESLEY HEAD, M. D.
110 EAST FIFTH STREET
BORGER, TEXAS

RETURN RECEIPT REQUESTED

REGISTERED
1596

Mr. Carl Livingston
New Mexico State Oil & Gas Conservation Commission
State Building
Santa Fe, New Mexico



CLASS OF SERVICE
 This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

A. N. WILLIAMS
PRESIDENT

1201

SYMBOLS
 DL = Day Letter
 NL = Night Letter
 LC = Deferred Cable
 NLT = Cable Night Letter
 Ship Radiogram

The time shown in the date line on telegrams and cablegrams is at point of origin. Time of receipt is STANDARD TIME at point of destination

VA400 HL PD=FARMINGTON NMEX 21

CARL B LIVINGSTON=

OIL CONSERVATION COMMISSION PHONE 2246

7 =CAR BROKE DOWN MOTOR TROUBLE WILL CALL YOU AS SOON AS I GET IT IN AND FIND TROUBLE=I

ROY..

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201

A. N. WILLIAMS
PRESIDENT

SYMBOLS

DL - Day Letter
NL - Night Letter
LC - Deferred Cable
NLT - Cable Night Letter
Ship Radiogram

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

VA40 13- BORGER TEX 16 1009A

SEP 15 AM 10 01

CARL LIVINGSTON, CARE OIL CONSERVATION COMMISSION=

STATE BLDG SF=

DONT ACCEPT BOND FROM ANYONE ON HEAD MILLER. HAVE PLUGGING
PERMIT. LETTER FOLLOWS=

J W HEAD=

HEAD MILLER=

23479

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Form 3908 (Rev. Jan. 21, 1935)
Return for Registered Article No. **1909**
Indemnity for First Class indicated in the Postmark
For post _____ cents Class postage _____
Surcharge paid \$ _____
Special Delivery fee _____
Delivery restricted to addressee: _____
in person _____ or order _____
Accepting employee will place his initials in _____
space indicating restricted delivery.

POSTMASTER, per _____

The sender should write the address on back hereof as an identification. Preserve and submit this receipt in case of inquiry or application for indemnity.
Registry fees and Indemnity.—Domestic registry fee ranges from 15 cents for indemnity not exceeding \$5, up to \$1 for indemnity not exceeding \$1,000. The fee on domestic registered matter without indemnity value and for which indemnity is not paid is 15 cents. Consult postmaster as to the specific domestic registry fee and surcharge and as to the registry fees chargeable on registered parcel-post packages for foreign countries. Fees on domestic registered C. O. D. mail range from 25 cents to \$1.25. Indemnity claims must be filed within one year (C. O. D. six months) from date of mailing.

(POSTMARK OFF)

(MAILING OFFICE)

C CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Hobbs, New Mexico

J. W. Head, M.D.
115 East Fifth Street
Borger, Texas

Re: Head & Miller Well - F. C. DeBaca Lease - Well no. 1
31-20N-31E. Buoyeros Field.

Dear Dr. Head:

Please find enclosed Oil Conservation Commission Form C-102, which you sent me for approval. From the information I gathered from the log of the well and Form C-102, approved by Mr. Andreas on January 3, 1937, I am enclosing a revised form C-102 for your signature. Please return this to me at your earliest convenience and notify me also when you are ready to start plugging operations as I am required to be on the job when the plugging is done.

Very truly yours,

Roy O. Yarbrough
State Oil and Gas Inspector.

ROYFMS
cc Carl Livingston

P. S. To refresh your memory and for your convenience, enclosed please find copy of Form C-102, approved January 3, 1937, by A. Andreas, which matter is referred to in the letter above.

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NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL			

Place

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the Head and Miller Well
F. C. DeRaca lease Well No. 1 in _____

 Company or Operator _____ Lease _____
 of Sec. 31, T. 20N, R. 31E, N. M. P. M., Bueyeros Field,
 _____ County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

Fill hole with heavy mud to 1950; set bridge and cement plug with 10 sacks cement at 1950. Fill hole with heavy mud to 885; set bridge and cement plug at 885 with 15 sacks cement. Fill with heavy mud to 270; set bridge and cement plug at 270 with 15 sacks cement. Fill with mud to surface and set steel regulation marker in cement to extend four feet above surface.

Approved _____, 19____
 except as follows: The conditions of approval are:
 This approval is an approval as a proper
 plugging programme for a well of this nature
 being plugged, but is not a grant of right-
 of-way or of any property rights; these and
 (continued on back of sheet)

OIL CONSERVATION COMMISSION,

Company or Operator

By _____

Position _____

Send communications regarding well to

Name _____

Address _____

By _____

Title _____

1. The applicant shall be responsible for the cost of the plugging operation and for the cost of the materials and labor required for the plugging operation.

2. The applicant shall be responsible for the cost of the materials and labor required for the plugging operation.

3. The applicant shall be responsible for the cost of the materials and labor required for the plugging operation.

4. The applicant shall be responsible for the cost of the materials and labor required for the plugging operation.

5. The applicant shall be responsible for the cost of the materials and labor required for the plugging operation.

6. The applicant shall be responsible for the cost of the materials and labor required for the plugging operation.

7. The applicant shall be responsible for the cost of the materials and labor required for the plugging operation.

Conditions of approval, continued.

any damage that may be sustained thereto are and must be matters strictly between the applicant to plug and any owners of whatsoever rights involved whosoever such owners may be.

The applicant shall notify Roy O. Yarbrough, State Oil and Gas Inspector, Hobbs, New Mexico, when the plugging crew is to be on the ground with reasonable time allowed for said inspector to reach the well in question in order to permit said inspector to see that the above plugging programme is properly carried out.

Such plugging shall not proceed until said inspector arrives, which arrival will be prompt upon notice as indicated.





WILSON CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 30, 1945

REGISTERED
RETURN RECEIPT

Mr. J. W. Landon, Secretary
Colo-Mex Gas Company
Canon City, Colorado

Re: Case No. 53 - Order No. 587

Head & Miller - Carbon Dioxide well

Dear Mr. Landon:

Enclosed please find a copy of Order No. 587 of the Commission which gives parties in interest an opportunity to file bond assuring plugging when ultimately dry or abandoned as to the well noted in the caption but authorizes the principals of the present plugging bond to plug well in accordance with the obligations of their bond in the event of failure of interested parties to supply plugging bond so as to permit the cancellation of the present bond.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS

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L CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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January 30, 1945

J. Wesley Head, M. D.
110 East Fifth Street
Borger, Texas

Re: Case No. 53 - Order No. 587

Dear Doctor Head:

Enclosed is copy of Order No. 587 in the above
captioned case.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR JOHN J. DEMPSEY
CHAIRMAN

LAND COMMISSIONER H. R. RODGERS
MEMBER

STATE GEOLOGIST JOHN M. KELLY
SECRETARY



DIRECTOR
JOHN M. KELLY

ADDRESS ALL COMMUNICATIONS
TO THE DIRECTOR

Santa Fe, New Mexico
Hobbs, New Mexico
August 26, 1944

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attn: Mr. John Kelly

Re: J. L. Head & "L. Miller Well No. 1
NE NE Sec. 31-20N-31E, Harding County

Dear John:

On August 22, 1944, I checked the above captioned well and found no gas leaks that would amount to anything of interest. There were absolutely no leaks on the outside string of pipe. Also, no leaks between the 6" and 8". There was, however, a small leak around the valve stem on the 6" master gate, which could be very easily stopped by re-packing the stuffing box around the valve stem. While there, I took the gas pressure and found it to be 510 pounds. I could not tell about the volume, but there seemed to be quite a lot of gas. I opened up the well and let it blow for about five minutes, then, shut the gate valve and the pressure was up to 510 pounds by the time I got the valve closed.

Hoping that this information meets with your approval,
I am,

Yours very truly,

Roy O. Farbrrough
Roy Farbrrough
Oil and Gas Inspector

POWER OF ATTORNEY

THE STATE OF TEXAS)
 HUTCHINSON COUNTY)

KNOW ALL MEN BY THESE PRESENTS, that I, W.A. Miller of the County Of Potter, State Of Texas, have made constituted and appointed, and by these presents do make, constitute and appoint, J.W. Head of Hutchinson County, State of Texas my true and lawful Attorney, for me in my name, place and stead, to settle and adjust all partnership demands, accounts and claims now existing between myself and J.W. Head, and to submit the same to and decide them by arbitration, and in all matters appertaining to the settlement ^{and adjustment} of the affairs of said partnership, in all respects to do and act as by him shall be deemed best; giving and granting unto my said Attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully, to all intents and purposes, as I might or could do if personally present; hereby notifying and confirming whatsoever my said Attorney shall and may do by virtue hereof in the premises.

In witness whereof I have hereunto set my hand and seal this 31st day of May A.D. 1937.

W.A. Miller

STATE OF TEXAS
 COUNTY OF HUTCHINSON

Before me, a notary public in and for the county of Hutchinson, State of Texas, on this day personally appeared W.A. Miller known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this 31st day of May, A.D. 1937

John H. White
 NOTARY PUBLIC IN AND FOR
 HUTCHINSON COUNTY, TEXAS

My commission expires June 1st, 1937.

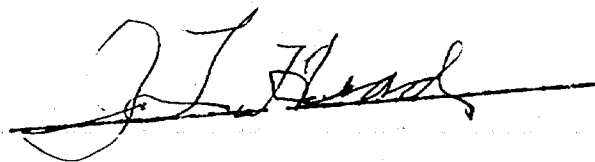
power of attorney

THE STATE OF TEXAS

COUNTY OF HUTCHINSON

KNOW ALL MEN BY THESE PRESENTS: That I, J.L. Head, of the County of Tarrant, State of Texas have made constituted and appointed J. W. Head of the County of Hutchinson, State of Texas, as my true and lawful attorney in fact, for me and in my name, place and stead to manage and control all of my affairs with reference to that certain oil, gas and mineral leasehold estate rights, which I may own in the entire State of New Mexico, consisting of various tracts; hereby giving and granting to my said attorney full power, right and authority to do everything in and about said property as fully, as I could do if personally present, with reference to assignment, contracts etc, hereby ratifying and confirming everything that my attorney has or may do in the premises.

In Witness Whereof, I have hereunto set my hand and seal this 31st day of May, A.D., 1937.

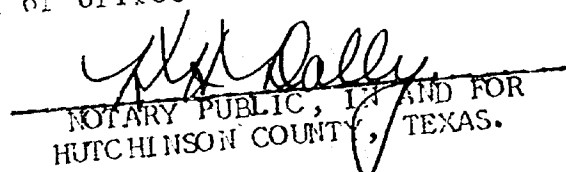


THE STATE OF TEXAS

COUNTY OF HUTCHINSON

Before me, a notary public in and for the County of Hutchinson, State of Texas, on this day personally appeared J.L. Head, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given Under my hand and seal of office this 31st day of May, 1937.



NOTARY PUBLIC, IN AND FOR
HUTCHINSON COUNTY, TEXAS.

CANON CITY, COLORADO.
August 2nd. 1944

THE OIL CONSERVATION COMMISSION,
OF THE STATE OF NEW MEXICO,
Santa Fe, New Mexico.

Re HEAD-MILLER CO2 GAS WELL,
NW1 NE1 Sec. 31, Twp. 20N. R 31E.
Harding County, New Mexico.

Sirs; our attention had been called to the fact, (by John P. Healy of 333 Don Gasper Street, Santa Fe, New Mexico,) that a hearing has been called for the purpose of determining whether the Bond furnished by HEAD & MILLER, given to secure the proper plugging and cementing of the well in accordance with the RULES and REGULATIONS of the OIL CONSERVATION COMMISSION, of the STATE of NEW MEXICO, may now be canceled and Head & Miller relieved of any further responsibility.

This well was completed early in 1938 and cemented according to the regulations of the State Oil Conservation Commission, by the State Engineer as in good condition.

The well was tested and found to be of commercial value and capable of producing approximately 5,000,000 feet of pure CARBON DIOXIDE CO2 Gas, of a purity of better than 99/100 per cent pure, with no water at all.

The Well is securely cased and controlled with Valves which conform with the requirements of the Commission, and it has been carefully looked after and preserved with the hopes of getting a plant on it for the purpose of manufacturing CO2 products. There has been difficulties of different nature that has prevented our securing a plant or being to sub lease to some concern who might secure a plant. The War condition has made it impossible to secure new machinery.

The lease on the land on which this well is located is owned by John P. Healy, L.M. Appel, J. J. Donnelly and various interest holders who hold interests of assignment by Head & Miller. The COLO-MEX GAS COMPANY, is a NON-PROFITS organization, organized for the purpose of looking after the interest of the various interest holders, with power to act for them in every capacity, sell the Gas, mortgage the products and transact any and all business matters for the various interest holder.

It seems that it is understood that a BOND is to be required, and if such is necessary the COLO-MEX GAS COMPANY, is willing and ready to enter in to securing such a bond along with the others interested.

The form of Bond sent us doesn't seem to conform with our situation. We are owners of Lease from a private land owner and not from the STATE of NEW MEXICO, nor from anyone who owns land upon which the State of New Mexico has reserved the minerals, Oil or Gas.

The Statute referred to in the Bond deals entirely with State Lands and leases on State Lands. Reference, Sections 132-423 NEW MEXICO STATUTES Annotated, 1929. We have a copy of that Statute and have read it very carefully. We also have a copy of RULES AND REGULATIONS, Referred to as form O-101, "Notice of intention to drill". Since we have a Producing well which has met all requirements, and it doesn't come under the interest of the STATE of NEW MEXICO, or the STATUTE governing the same, we don't see that we should be required to furnish a bond at this time, however, it is not our intention to be arbitrary in this or any other matters.

Thanking you, we remain, Very truly,

COLO-MEX GAS COMPANY
By _____, Secretary.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 19, 1944

Roy Record
Roy, New Mexico

Gentlemen:

On July 7th the Commission sent you legal advertisement in Case No. 53 with the request "UPON COMPLETION OF PUBLICATION PLEASE SEND PUBLISHER'S AFFIDAVIT".

The affidavit has not been received. Please check the matter and forward the affidavit immediately.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CHL:MS

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**NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

The Oil Conservation Commission, by its duly authorized representative as the necessary body of the State of New Mexico, hereby gives notice that it has ordered the J. L. Miller carbon dioxide well known as the J. L. Miller carbon dioxide well in Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission. This order is set for 10 a.m., August 4, 1944.

CASE No. 12

In the matter of the application of J. L. Miller and W. A. Miller for an order authorizing an abandonment of the carbon dioxide well known as the J. L. Miller carbon dioxide well in Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission. This order is set for 10 a.m., August 4, 1944.

The attorney for the applicants is H. H. Dally, Esquire, Borger, Texas.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 7, 1944.

**OIL CONSERVATION
COMMISSION**

By (Sgd) JOHN M. KELLY,
(Seal) Secretary.
Pub. July 10, 1944.

S BILL

44 lines, one time at \$ 3.52
lines, times, \$
Tax \$
Total \$ 3.52

Received payment,

By _____

Affidavit of Publication

State of New Mexico, } ss.
County of Santa Fe }

I, C. B. Floyd, being first duly sworn, declare and say that I am the (Business Manager) Editor of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper ~~once each week~~ for one time ~~consecutive weeks~~ and on the same day of each week in the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, ~~once each week~~ for one time ~~weeks consecutively~~ in the same publication being on the 10th day of July, 1944, ~~and the said publication~~ on the same day of each week; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

[Signature] Manager
Subscribed and sworn to before me, this 10th day of July, A.D., 1944
[Signature] Notary Public.

My Commission expires June 11, 1945

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 15, 1944

Honorable K. H. Dally
Box 46
Berger, Texas

Re: Case No. 53, Notice for publication

My dear Judge Dally:

In reply to your letter of July 13, a hearing before this Commission is in the nature of a quasi-judicial proceeding. Sworn testimony is adduced in support of whatever order is to be promulgated. A transcript of the testimony is made by a reporter. An order of the Commission is subject to review by the District Court. Fortunately, with the splendid cooperation of the operators and attorneys applying for hearings before the Commission, no order of the Commission thus far has ever been reversed.

You are applying for an order making a finding that the well in question is abandoned and for an order to plug said well. One of the main purposes of the Commission is to prevent avoidable waste. Your testimony should be supporting of your petition. It would be highly advisable for you to appear with whatever testimony you have to offer for the Commission has no way of knowing your adversaries, if any, until the morning of the hearing. The only pleading is the petition. The right of any interested party to appear for or against your petition exists.

Kindest personal regards.

Very truly yours,

John H. Kelly
Director

By

Chief Clerk & Legal Adviser

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Box 46
Borger, Texas
July 13, 1944

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention: Carl B. Livingston

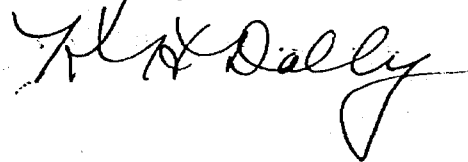
In Re: Case No. 53, notice for publication.

Gentlemen:

Your letter of July 7 received, together with copy of notice for publication. In as much as I am not familiar with legal proceedings in a matter of this kind, please advise whether it is customary or necessary for Dr. Head and myself to be present on the 4th day of August, 1944. I could put in a call to you about two days before the hearing to learn whether or not there has been any protest filed.

Please advise me fully about this.

Very truly yours,



KHD:wjb

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 7, 1944

The Santa Fe New Mexican
Santa Fe, New Mexico

The Roy Record
Roy, New Mexico

Re: Case No. 53, Notice for Publication

Gentlemen:

Please publish the enclosed notice once, immediately.
Please proof read the notice carefully and send a copy of
the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND
PUBLISHER'S AFFIDAVIT.

For payment please submit statement in duplicate
accompanied by voucher executed in duplicate. The vouchers
must be signed by a notary in the space provided on the back
of the voucher. The necessary voucher blanks are enclosed.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 7, 1944

Honorable K. H. Dally
County Attorney
Borger, Texas

Re: Case No. 53, Notice for Publication

Dear Mr. Dally:

Enclosed is a copy of the notice of hearing in
the above captioned case.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CHL:MS

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CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 7, 1946

Mr. W. B. Grigsby, Supervisor
Maryland Casualty Company
212 E. 6th Street
Amarillo, Texas

Re: Case 53, Order 621

Dear Mr. Grigsby

As requested in your letter of January 4, enclosed please
find signed copy of the acceptance of the Colo-Mex Gas
Company's bond and cancellation of the Head and Miller bond.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS

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MARYLAND CASUALTY COMPANY
STEWART McDONALD, CHAIRMAN OF THE BOARD AND PRESIDENT

AMARILLO OFFICE
EL PASO CLAIM DIVISION
W. B. GRIGSBY, SUPERVISOR
212 E. 6TH STREET, AMARILLO, TEXAS

January 4, 1946

Mr. Carl B. Lovington
Chief Clerk and Legal Advisor
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

Referring to your letter of November 23rd, which deals with the Head and Miller Bond on the NENE (NENW) 31-20N-31E, my Company has called for a copy of your letter of October 16th, which you refer to, accepting the Colo-Mex Gas Company bond and cancelling our bond.

If it is possible for you to furnish us a copy of this letter we will appreciate it very much.
Thank you.

Very truly yours,

W. B. Grigsby
W.B. Grigsby, Supervisor
Amarillo Sub-Office
El Paso Claim Division

WBG:vm

cc El Paso Division
cc Contract Bond Dept.

Case 53 - letter to Kitcher & Son by e. h. h. dated Oct 11, 1945
Copy

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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November 23, 1945

Mr. W. B. Grigsby
Maryland Casualty Company
212 E. 6th Street
Amarillo, Texas

Re: Case 53.

Re: Head & Miller Bond - NENE (NENE) 31-20N-31E.
Maryland Casualty Co. Cancelled 10-15-45.

Dear Mr. Grigsby:

In reply to your letter of November 19th by order No. 621 in Case 53 with respect to the bond noted in the caption the Commission took the following action on October 15, 1945:

***"That the plugging bond of Colo-Mex Gas Company to cover said well, now filed with the Commission, be accepted and the plugging bond of J. L. Head and W. A. Miller for same said well be cancelled."

On October 16 the writer carried out the Commission's order by issuing a letter of acceptance of the Colo-Mex Gas Company's bond and cancellation of the Head and Miller bond referred to, both as of October 15. The cancelled bond, of course, is never returned but retained as a part of the Commission records. The letter of cancellation serves as your evidence that the responsibility under the bond is terminated as of the date of cancellation.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS
cc Maryland Casualty Company
El Paso, Texas

MARYLAND CASUALTY COMPANY

STEWART McDONALD, CHAIRMAN OF THE BOARD AND PRESIDENT

AMARILLO OFFICE
EL PASO CLAIM DIVISION

W. B. GRIGSBY, SUPERVISOR
212 E. 6TH STREET, AMARILLO, TEXAS

November 19, 1945.

H. O. NO. 64939 Field 2471

J. L. Head & W. A. Miller \$2000 Bond. NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-30W-31E Maryland Casualty
Co surety Filed 3-31-37. Carbon Dioxide Well NE $\frac{1}{4}$ NE $\frac{1}{4}$ 31-20W Harding County
New Mexico (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$).

Mr. Carl B. Livingston
Chief Clerk & Legal Advisor,
New Mexico Oil Conservation Commission
Santa Fe, New Mexico.

Dear Sir:

I have just learned that our Bond NO. 64939 F & S Filed 3-31-37
under the above caption has been discharged and a new bond substituted.
Will you please furnish us with a certified copy of the Order discharging
our Bond, and attach your bill for any costs in this connection. Thank you.

Very truly yours,

W. B. Grigsby
W. B. Grigsby, Supervisor.

CC: Contract Bond Dept.
CC: El Paso Claim Division.

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

June 28, 1945

Judge K. H. Dally
Borger, Texas

Re: Case 53 @ Order No. 587
Head & Miller - Carbon Dioxide well

My dear Judge Dally:

Pursuant to your request by long distance telephone you are being sent the following matters: a set of Forms C-102 and C-103. These are to be made out in triplicate. Form C-102 is to be used for application to plug well stating the program to be followed. When completed this form must be submitted in triplicate to Roy O. Yarbrough, State Oil and Gas Inspector, Hobbs, New Mexico, for his approval or suggestions of revision should your proposed plugging program not be in keeping with rules and regulations of this Commission with respect to plugging. Form C-103 is to be executed and submitted in triplicate to the same party after the plugging is performed for his consideration of approval -- Form C-103 sets out how the approved plugging program in C-102 was carried out. When the C-103, report of plugging, is approved by Mr. Yarbrough, the bond covering the well is eligible for immediate cancellation.

For your convenience and more detailed instruction you are being sent under separate cover Circular 5. You will find it convenient to turn to page 23, outline of steps in connection with a well from beginning to end. You are here chiefly concerned with steps 14 and 15. Each step cites a rule and page.

Mr. Yarbrough's approval of your plugging program in C-102 will be subject to the provisions of the above captioned order, another copy of which is herewith enclosed. Your particular attention is drawn to the "order" portion. The order became effective 15 days after its execution, which execution date was January 29, 1945. A six months period is included in which the bond principal may plug the well unless before such plugging is performed any of those claiming the ownership or operating rights of said well supply the Commission with an acceptable bond to cover said well pending the outcome of existing litigation determining title to the land upon which said well is located and the consequent operating rights thereof. No such bond

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

K. H. Dally

-2-

6-28-45

so far has been supplied. That six months period should run out August 13, whereupon the principal of the bond must plug the well if the bond, during the six months period, has not been supplied by the parties mentioned.

Very truly yours,

Chief Clerk & Legal Adviser

CHL:MS
cc Roy Yarbrough

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May 16, 1945

Dr. J. Wesley Head,
110 East Fifth Street
Borger, Texas

Re: Case No. 53 - Order No. 587
Head & Miller - Carbon Dioxide well

Dear Dr. Head:

As requested in your letter of May 12 you are being sent here-
with a set each of Form C-102 and C-103. Under separate cover you are
being sent Circular 5 of the Commission. At page 23 note the "Outline
of Steps to be Taken by Well Operators From Beginning to End". See
steps 14 and 15 which refer to the particular page and rule governing
plugging of a well.

When you prepare Form C-102 in triplicate outlining your
plugging program you are to submit that form to Roy O. Yarbrough, State
Oil and Gas Inspector, Hobbs, New Mexico, for his consideration of
approval; however, Mr. Yarbrough's approval will be subject to the
provisions of the above captioned order which, as heretofore pointed
out to you, prescribes a six months period in which any interested
party may submit an acceptable plugging bond to the Commission unless
prior to that time you have performed the plugging.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS
cc Roy Yarbrough

J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS

5-12-45

Mr. Carl Livingston.

Dear Sir.

Replying to yours of 5-2-45 -
my machinery is in a square for
plugging ~~me~~ ^{it} refer to. will
you please send me the necessary
blanks C.102 - also C.103 - I shall do
the job under Mr. Galt's
instructions. I feel I am permitted
to plug the well without waiting
for a bond from anyone else
under the order of the commiss
or as set out in your letter on
page two. You will please
send blanks ask for: And
information. Thanks -

J. Wesley Head M.D.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 2, 1945

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J. Wesley Head, M. D.
110 East Fifth Street
Berger, Texas

Re: Case No. 53 - Order No. 587
Head & Miller - Carbon Dioxide well

Dear Dr. Head:

In reply to your recent wire please consult the provisions of the order in the above captioned matter, a copy of which order was transmitted to you by mail January 30, 1945. To refresh your memory the order portion of the order is quoted below:

"IT IS THEREFORE ORDERED:

A. That J. L. Head and W. A. Miller shall be permitted to plug said well in accordance with the provisions of said bond and the laws, rules and regulations of the Commission, unless before such plugging is performed any of those claiming the ownership or operating rights of said well supply the Commission with acceptable bond to cover said well pending the outcome of said litigation determining title to the land upon which said well is located and the consequent operating rights thereof. If, however, after six months from the effective date of this order, the petitioners herein have not already plugged said well or if any of those claiming the operating rights or ownership of said well have not supplied an acceptable bond to the Commission, then the petitioners herein must proceed to plug said well in accordance with the laws, rules and regulations of the Commission and its administrative requirements.

B. The order herein shall be effective 15 days after its execution."

You will observe three things: The order did not go into effect until 15 days after its execution date, which was January 29, 1945. Then for

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

J. Wesley Head

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5-2-45

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six months Head and Miller are permitted to plug said well unless before such plugging is performed any of the interested parties supply the Commission with an acceptable plugging bond to cover the well pending the outcome of existing litigation. Then after that six months period the well must be plugged if no bond is submitted or if Head and Miller has not already plugged the well. Head and Miller, under the provisions of the above quoted order, are required in the plugging procedure to plug said well in accordance with the laws, rules and regulations and administrative requirements of the Commission.

The requirements governing plugging provide that application shall be made in triplicate upon Form C-102, notice of intention to plug, setting forth the plugging program. Before actual plugging is to be performed approval is required by an authorized agent of the Commission - this is Mr. Roy Yarbrough, State Oil and Gas Inspector, Hobbs, New Mexico. Your plugging program which you may propose may or may not be in keeping with good conservation practices. Mr. Yarbrough passes upon such features. When approved by that official then you perform the plugging in accordance with the approved notice. Then when the actual plugging is done a report of plugging is made in triplicate upon Form C-103, showing how the proposal of plugging was carried out. When this latter report is approved by Mr. Yarbrough, your bond is entitled to cancellation.

In my letter of April 25, I simply recited the fact that no plugging bond had thus far been submitted. Then on April 27 when I learned that a plugging bond was expected to be filed soon I deemed it advisable simply to advise you of the fact that a bond was expected to be filed. I felt that I should so inform you since in substance the order provides that for a six months period Head and Miller may plug the well in accordance with administrative requirements provided one of the interested parties did not file a plugging bond before the well was actually plugged.

Very truly yours,

Chief Clerk & Legal Adviser

CSL:KS
cc Roy Yarbrough

CLASS OF SERVICE
This is a full-rate Telegram or Cablegram unless its designated character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201

A. N. WILLIAMS
PRESIDENT

SYMBOLS	
DL	Day Letter
NL	Night Letter
LC	Deferred Cable
NLT	Cable Night Letter
Ship Radiogram	

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

VF85 NL PD= BONGER TEX 29

15 APR 29 PM 7:58

CASE B LIVINGSTON=

OIL CONSERVATION COMMISSION STATE DEPT SF=

YOUR LETTER OF 4 MAR 27 TOLATE HAVE STARTED ACTION
UNDER YOUR LETTER OF LAST WEEK AND HAVE INCURD SIXTEEN
HUNDRED DOLLARS EXPENSE CANT STOP NOW

J W HEAD.

TOLATE 4 27 INCURD.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CORRECTION

The preceding _____
documents were incorrectly
filmed. They are refilmed
following this target. Moring

12-83

U. S. BUREAU OF LAND CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

April 27, 1945

AIRMAIL
SPECIAL DELIVERY

Dr. J. Wesley Head
110 East Fifth Street
Berger, Texas

Re: Case No. 53 - Order No. 587
Head & Miller - Carbon dioxide well

Dear Dr. Head:

Further answering your letter of April 23, my understanding now is that a plugging bond is expected to be filed within the next ten days so as to permit release of your bond. I trust that will be the case and I shall so advise you immediately upon receipt of the expected bond. I regret that I did not have this information when I wrote you on April 25.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

cc - Judge Kaher

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

April 25, 1945

Dr. J. Wesley Head
110 East Fifth Street
Borger, Texas

Re: Case No. 53 - Order No. 587

Head & Miller - Carbon dioxide well

My dear doctor Head:

In reply to your inquiry of April 23, no interested party has filed plugging bond with the Commission to cover the well noted in the caption, pursuant to the order named in the caption.

A copy of the order, by registered mail with return receipt, was forwarded to Mr. J. W. Landon, Secretary, Colo-Mex Gas Company, Canon City, Colorado, on January 30, 1945, to which there has been no response.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS

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PHONE 410

EYE, EAR, NOSE, THROAT
EYES TESTED
GLASSES FITTED

J. WESLEY HEAD, M. D.
110 EAST FIFTH STREET
BORGER, TEXAS

4-23-45

Mrs. Carl Livingston

My Dear Carl:

Will you please advise me by
return mail what hour in day
about the mill on the Deboer land
known as Head Miller well?
If the other forty made a bond or
not? if not will it be ok for me
to pull and plug the well at once
so as to get shot of my hand?
When you wrote me last you
said if the other forty (the Calvey
Goes Co) did not set in 11 day
it would be turned over to me
you will do me a real favor
if you will give this your prompt
attention. Thank you in advance

Yours Truly -

J. Wesley Head M.D.

IL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 23, 1945

J. Wesley Head, M. D.
110 East Fifth Street
Borger, Texas

Re: Case No. 53
Head & Miller - carbon dioxide well, NENE
(sometimes described as NENW) 31-20N-31E,
Harding County.

Dear Doctor Head:

In answer to your letter of January 10, the writer
will recommend to the Commission an appropriate order for the
Commission's consideration at an early meeting.

Very truly yours,

Chief Clerk & Legal Adviser

CEB:MS

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J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS

1-10-45-

Mr. Carl Livingston
 Santa Fe N.M.

Dear Sir and friend

Your reply came some
 days ago. I don't understand
 why it is necessary for the Commission
 to hold up action on any application
 to plug the Head Miller well pending
 the decision of the Court on the suit
 to cancel the lease. My lease
 gives me the right to make every
 thing off the ground regardless of
 who owns the lease. The well
 and the equipment will still belong
 to me under the lease contract. I will
 feel compelled to start some proceeding
 to get away from the bond on the bonding
 company is demanding I do something
 at once. It has been seven months
 since I met with the Commission.
 They promised me action soon
 there after. Will you please advise me
 at once fully. So I will know what to tell
 the insurance. The insurance! The Head

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

August 8, 1944

Mr. J. W. Landon, Secretary
Colo-Mex Gas Company
Canon City, Colorado

Re: Head & Miller - Carbon Dioxide well, NENE
(sometimes described as NENW) 31-20N-31E,
Hindling County)

Dear Mr. Landon:

In reply to your letter of August 2nd you
will find enclosed a carbon copy of letter of James
T. Locke, which answers the same question which you
presented in your letter.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

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CANON CITY, COLORADO.
August 2nd. 1944

THE OIL CONSERVATION COMMISSION,
OF THE STATE OF NEW MEXICO,
Santa Fe, New Mexico.

Re HEAD-MILLER CO2 GAS WELL,
NW1 NE1 Sec.31, Twp. 20N. R 31E.
Harding County, New Mexico.

Sirs; our attention had been called to the fact, (by John P. Healy of 333 Don Casper Street, Santa Fe, New Mexico,) that a hearing has been called for the purpose of determining whether the Bond furnished by HEAD & MILLER, given to secure the proper plugging and cementing of the well in accordance with the RULES and REGULATIONS of the OIL CONSERVATION COMMISSION, of the STATE of NEW MEXICO, may now be canceled and Head & Miller relieved of any further responsibility.

This well was completed early in 1938 and cemented according to the regulations of the State Oil Conservation Commission, by the State Engineer as in good condition.

The well was tested and found to be of commercial value and capable of producing approximately 5,000,000 feet of pure CARBON DIOXIDE CO2 Gas, of a purity of better than 99/100 per cent pure, with no water at all.

The Well is securely cased and controlled with Valves which conform with the requirements of the Commission, and it has been carefully looked after and preserved with the hopes of getting a plant on it for the purpose of manufacturing CO2 products. There has been difficulties of different nature that has prevented our securing a plant or being to sub lease to some concern who might secure a plant. The War condition has made it impossible to secure new machinery.

The lease on the land on which this well is located is owned by John P. Healy, L.M. Appel, J. J. Donnelly and various interest holders who hold interests of assignment by Head & Miller. The COLO-MEX GAS COMPANY, is a NON-PROFITS organization, organized for the purpose of looking after the interest of the various interest holders, with power to act for them in every capacity, sell the Gas, mortgage the products and transact any and all business matters for the various interest holder.

It seems that it is understood that a BOND is to be required, and if such is necessary the COLO-MEX GAS COMPANY, is willing and ready to enter in to securing such a bond along with the others interested.

The form of Bond sent us doesn't seem to conform with our situation. We are owners of Lease from a private land owner and not from the STATE of NEW MEXICO, nor from anyone who owns land upon which the State of New Mexico has reserved the minerals, Oil or Gas.

The Statute referred to in the Bond deals entirely with State Lands and leases on State Lands. Reference, Sections 132-423 NEW MEXICO STATUTES Annotated, 1929. We have a copy of that Statute and have read it very carefully. We also have a copy of RULES AND REGULATIONS, Referred to as form C-101, "Notice of intention to drill". Since we have a Producing well which has met all requirements, and it doesn't come under the interest of the STATE of NEW MEXICO, or the STATUTE governing the same, we don't see that we should be required to furnish a bond at this time, however, it is not our intention to be arbitrary in this or any other matters.

Thanking you, we remain, Very truly,

COLO-MEX GAS COMPANY
By *J.W. Borden*, Secretary.

STATE OF NEW MEXICO
L. CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

August 8, 1944

C
O
James T. Locke, Esquire
Attorney at Law
Harrison Building
Canon City, Colorado

Re: Head & Miller - Carbon Dioxide well, NENE (sometimes described as NENW) 31-20N-31E, Harding County.

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My dear Judge Locke:

The question which you raise in your letter of August 3rd has been answered for you in detail a number of years ago and some of the law you cite in the 1929 Statutes Annotated has been considerably changed since that edition.

Y
For your information you are being sent under separate cover Circular 5 of this Commission. The basic Oil and Gas Conservation Act is Chapter 72, Laws of New Mexico 1935, which you will find under "Division 1, Statutes". In particular see Section 10 (1), page 6 of the Circular. See Rule 39, "Bonds" and the Commission's resolutions on pages 33 and 34 of said circular.

The Commission is given jurisdiction for oil and gas conservation purposes over all State and privately owned lands in New Mexico. While the land upon which the well in question is located is privately owned land the Commission still has jurisdiction over said well for conservation purposes which includes proper plugging. The bond form is made broad enough to include the surface damage provision required by law for any mining operations upon State lands where State lands have been sold by the State with minerals reserved. This was for the purpose of precluding the necessity of giving two bonds where the lands happen to be that type of State land. Where the land is not State land the bond covers only approved plugging in accordance with the laws, rules and regulations of the Commission when the well is ultimately dry or abandoned.

L CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

James T. Locke

-2-

8-8-44

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There are several thousands producing wells in New Mexico, the majority of which are upon State or patented land. All are covered by a bond containing both matters mentioned. If the Commission were not authorized to require plugging bond for a well capable of producing, do you suppose that the operators of the several thousands wells would for a moment not raise the question? Many of these operators are represented by some of the country's most outstanding legal talent and the companies are just as anxious to save money as you or anyone else. Notwithstanding the foregoing all the producing wells upon State or patented land are bonded to assure approved plugging when dry or abandoned.

As you of course know, on August 4th the Commission heard the petition of J. L. Head and W. A. Miller, present bond principals upon the bond of the Maryland Casualty Company, surety, to determine the well as abandoned and for an order to plug said well. The Commission has not promulgated any order but took the matter under advisement.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CEL:MS
cc J. W. Landon
Canon City, Colo.

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

Aug. 3rd 1944.

Oil Conservation Com.,
c/f Public Land Com Office,
Santa Fe N. M.,

Gentlemen: In re Bond on Head & Miller C.O.2 well
Harding Co.

My wife Pearl S. Locke owns 1/6 interest in the CO₂ gas well above mentioned by purchase of undivided interests in the land and the money was mostly used to drill the well and case it thoroughly. Three strings of pipe are left in and it was cemented to shut off water by experts from Texas. It was all done right and inspected from time to time by N.M. authorities. It was rated by N.M. insector largest in the field and the gas is pure and ready for plant. It is on privately ownd land held by U. S. patent - not State land.

In the bond form sent us you refer to Sec 132-428 which relates only to state lands. The plugging statute which covers all classes of land is Sec 97-202. It provides for plugging proceedure when a well is ready to be plugged. No bond is mentioned. These sections are found in Annotated Statutes of 1929.

I see no authority or reason why we should be put to the expense of \$50.00 per year or any other sum to provide for pluggingthis producing well. If you have any statute not cited above please advise me. We have always complied with your statutes and still wish to do so but protest this idle and foolish expense that might continue over a long period of years. If there is any law for it please cite it.

Yours very truly,

James T. Locke

WILSON CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

*returned to
Atty with [unclear]*

May 17, 1943

Honorable K. H. Dally
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - (2000 Bond. 31-204-315. Maryland Casualty Co., surety. Filed 3-31-37.

Re: Carbon Dioxide Well, NE 1/4, 31-204-315, Harding County, New Mexico (sometimes described as NE 1/4, 31-204-315).

Dear Mr. Dally:

Evidently you did not understand my letter of May 7. To refresh your memory: heretofore J. L. Head, one of the parties principal of the plugging bond noted in the caption, filed his petition before this Commission for an order to adjudge the well covered by said bond as abandoned and for further order to plug said well. The petition was returned to you for the joining of Mr. W. A. Miller, the other party principal of said bond. What you have really sent me is a copy of a Power of Attorney wherein W. A. Miller authorizes Mr. J. L. Head to sign or act for him in certain respects. A properly certified copy of such Power of Attorney would be proper to file as an exhibit at the hearing of the case.

As explained to you in previous correspondence, when your petition is submitted to the Commission and it is found in proper order then the Commission sets a time for hearing, order publication of the notice of hearing as provided by law. When the case is heard before the Commission the petitioner presents sworn testimony and exhibits in support of the petition. Whatever order is promulgated by the Commission is founded upon sworn testimony.

Some years ago it appears that the Colorado-Mex, through some sort of litigation, obtained control of the well; however, J. L. Head and W. A. Miller are still responsible for the plugging of said well pursuant to the provisions of their plugging bond. The Colorado-Mex thus far as failed and refused to supply plugging bond so as to permit cancellation of the J. L. Head and W. A. Miller bond. Therefore, in order to be relieved of the bond, J. L. Head and W. A. Miller's recourse is to try the well for abandonment and for an order to plug the well.

IL CONSERVATION COMMISSIO
SANTA FE, NEW MEXICO

K. H. Dally

-2-

5-17-43

Possibly the corporate surety, the Maryland Casualty Company,
may desire to join the parties principal in the petition.

Please note that J. L. Head and not J. W. Head is one of
the parties principal of said bond.

Very truly yours,

John M. Kelly
Director

Chief Clerk & Legal Advisor

CEL:MS
cc T. W. Scales
Maryland Casualty Co.
El Paso, Texas



Borger, Texas

May 14, 1943.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen: RE: HEAD, J.L. & MILLER, W.A. - \$2000 Bond
NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E Maryland Casualty Co.
Surety Filed 3-31-37

RE: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ 31-20N-31E
Harding County, New Mexico (sometimes described
as NE $\frac{1}{4}$ NW $\frac{1}{4}$)

Your letter of May 7th received. I am enclosing
herewith certified copy of the power of attorney
given to Dr. Head by W.A. Miller, and if it is deemed
sufficient, Dr. Head would still like to have the
plugging permit issued.

Please advise.

Very truly yours,

K. H. Dally

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

P. O. Box 871

June 29, 1942

C
O
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Honorable K. H. Dally
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 Bond.
NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E. Maryland Casualty Co.,
Surety. Filed 3-31-37.

Re: Carlton D. de Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes
described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E,
Harding County, New Mexico.

Dear Mr. Dally:

Under date of May 29 the writer returned the
petition of J. L. Head in order that Mr. W. A. Miller,
principal of the above captioned bond with J. L. Head,
may join in the petition.

The petition has not been returned to the
Commission. This is to call your attention to the matter
in case there has been some oversight or change of intention.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CHL:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 7, 1943

Honorable K. H. Lally
County Attorney
Borger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 Bond. 31-201-311. Maryland Casualty Co., surety.
Filed 3-31-37.

Re: Carbon Dioxide Well, 31-201-311, Harding
County, New Mexico (sometimes described as 31-201-311).

Dear Mr. Lally:

Under date of May 20, 1942, the writer returned the petition of J. L. Head in order that Mr. W. A. Miller, principal of the above captioned bond with J. L. Head, may join in the petition. The petition was not re-submitted to the Commission. Under date of June 20, 1942, the writer repeated the request to return the petition. This has not been done.

The plugging bond noted in the caption is still in effect and will remain in effect until the well is plugged according to the requirements of the Commission or until some other party supplies the plugging bond.

Please give this matter your immediate attention.

Very truly yours,

John H. Kelly
Director

CHL:MS
cc J. L. Head
W. A. Miller

By

Chief Clerk & Legal Advisor

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

P. O. Box 871

May 29, 1942

Honorable K. H. Dally
County Attorney
Boiger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 Bond.
NE¹/₄ NW¹/₄ 31-20N-31E. Maryland Casualty Co.,
Surety. Filed 3-31-37.

Re: Carbon Dioxide Well, NE¹/₄ NE¹/₄ (sometimes
described as NE¹/₄ NW¹/₄), Sec. 31-20N-31E,
Harding County, N. M.

Dear Mr. Dally:

The petition of J. L. Head submitted in your
letter of May 15 is returned for the following reason:

You should have W. A. Miller, Co-principal of
the bond noted in the caption, join with J. L. Head in
the petition, if the plugging bond on file with the
Commission is to be relied upon for security of approved
plugging.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CDL:MS

K. H. DALLY
County Attorney
HUTCHINSON COUNTY

Borger, Texas

May 15, 1942.

New Mexico Oil Conservation Comm.
Santa Fe, New Mexico:

IN RE: CARBON DIOXIDE WELL NE $\frac{1}{4}$ NE $\frac{1}{4}$
SOMETIMES DESCRIBED AS NE $\frac{1}{4}$ NW $\frac{1}{4}$ SEC.
31 - 20N - 31E, Harding Co. New Mexico.

Gentlemen: Attn. Carl Livingston.

Enclosed please find application for plugging the
above well, executed by J.L. Head.

Thanking you for this and your many past courtesies
I remain,

Very truly yours,

K. H. Dally

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

P. O. Box 871

April 7, 1942

C
O
P
Y

Honorable K. H. Dally
County Attorney
Borger, Texas

Re: Head, J. L. & Miller, W. A. - (\$2000 Bond. NE¹/₄NW¹/₄
31-20N-31E. Maryland Casualty Co., Surety.
Filed 3-31-37.

Re: Carbon Dioxide Well, NE¹/₄NE¹/₄ (sometimes described
as NE¹/₄NW¹/₄), Sec. 31-20N-31E, Harding County, N. M.

Dear Mr. Dally:

Reference is made to your letter of March 24.

The bond noted in the first portion of the caption
does not have Dr. J. W. Head as principal but does have J. L.
Head and W. A. Miller.

Dr. J. W. Head who presented the petition to plug the
well covered by said bond is, of course, a stranger to the
Commission insofar as the particular bond is concerned. A
stranger petitioner, of course, should submit a plugging bond
in the amount and type as required by the Commission at the
time the petition is presented. Since the filing of the bond
noted in the first portion of the caption, bond requirements
have changed.

Enclosed is a copy of Circular No. 4, which contains on
page 3 the bond requirements as to carbon dioxide wells. You
will note that the plugging bond that is required under that
rule is \$5000 for one well.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CEL:ES

K. H. DALLY
County Attorney
HUTCHINSON COUNTY

Borger, Texas

March 24, 1942

New Mexico Oil Conservation Comm.
Santa Fe, New Mexico

Re: Head, J. L. & Miller, W. A. - Carbon
Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes des-
cribed as NE $\frac{1}{4}$ NE $\frac{1}{4}$), Sec. 31-20N-31E,
Harding County, New Mexico.

ATTENTION: Carl B. Livingston

Gentlemen:

Your letter of March 19th received. Doctor Head was under the impression that since at the time he made his \$2,000.00 bond, that was all that was required by law and that the \$2,000.00 was the plugging bond, he would at this time be permitted to proceed with the plugging of the well under the \$2,000.00 bond. In other words the question in Dr. Head's mind is whether or not having placed a \$2,000.00 bond and same being sufficient at the time it was placed, the change in your law would require him at this time to submit a different bond.

Please advise me fully with reference to this matter.

Very truly yours,

K. H. Dally

KHD:mw

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

P. O. Box 871

March 19, 1942

Honorable K. H. Dally
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - Carbon Dioxide Well,
NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$). Sec. 31-
20N-31E, Harding County, New Mexico.

Dear Mr. Dally:

Reference is made to your letter of March 14, enclosing petition of J. Wesley Head, M.D., for an order adjudging the well in question as abandoned and for a permit to plug said well.

The applicant, to show his good faith, should tender a \$5000 bond for the purpose of assuring proper plugging of the particular well. When this bond is submitted, the Commission will simply hold its acceptance or rejection in abeyance until the matter is heard and the Commission has issued its order granting the order petitioned for or denying it.

I doubt whether it would be practicable to have the matter set down for hearing before the regular meeting in the latter part of May or June in view of the fact that our Governor, Chairman of the Commission, is convalescing from a very serious operation and is gradually getting back into the swing of the tedious routine of his work.

When you resubmit the matter with the bond in question, it will be very helpful if you will send several copies of your petition, which is herewith returned for the purposes named.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CBL:ES

K. H. DALLY
County Attorney
MITCHINSON COUNTY

Borger, Texas

March 14, 1942

New Mex. Oil Conservation Comm.
Santa Fe, New Mexico

In re: Carbon Dioxide Well
NE $\frac{1}{4}$ NE $\frac{1}{4}$ sometimes described
as NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 31 - 20N -
31E Harding County, N. Mex.

ATTENTION: Carl Livingston

Gentlemen:

Your letter of January 10th addressed to Dr. Head has been handed to me for attention. I am submitting herewith what I believe complies with the suggestions in your letter with reference to securing a permit to plug the well as described above. Of course, you understand that in this kind of practice I am very far from home and if this is not sufficient I will appreciate any suggestions that you are in position to make to me.

Thanking you for your courtesies in this matter and for your usual prompt attention, I remain

Very truly yours,

K. H. Dally

KHD:mw

P.S. I well remember my visit with you some three years ago when you sketched a perfect likeness of Lawyer Stennis. I told him about it and without calling your name he said, "Oh, that was Carl Livingston."

K.H.D.

P. O. Box 871

January 10, 1942

Dr. J. Wesley Head
110 East Fifth Street
Borger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 NE-NW
31-20N-31E. Maryland Casualty Co., Surety.
Filed 3-31-37.

Re: Carbon Dioxide Well, NE-NW (sometimes described
as NE-NW), Sec. 31-20N-31E, Harding County,
New Mexico.

Dear Doctor Head:

Reference is made to your letter of January 7, wherein you propose application for permit to plug the well noted in the caption in order that the plugging bond covering said well may be cancelled.

In view of that situation the writer in the past has written a number of letters to the apparent operator of said well or its attorney with the view of getting said concern to post a plugging bond with the Commission so that the bond noted in the caption may be cancelled. It was pointed out in said correspondence that a plugging bond, insofar as the Commission is concerned, is necessary not only for the well being drilled but also for well in its completed form, even though it be a producer, to assure approved plugging when the well is ultimately dry or abandoned. However, no bond of said operator has been submitted. On the other hand, the supplying of said bond was denied.

Your procedure in making application for plugging said well and to have the bond noted in the caption cancelled is as follows:

Have your council prepare a petition or complaint to be filed and heard before the Commission sitting in its quasi-judicial capacity. When the petition or complaint is allowed by the Commission a Notice of Hearing is published as provided by law. The issues are then heard before the Commission upon sworn testimony. Any interested party is allowed to be heard.

1-10-42

All wells when dry or abandoned should be plugged. If the well is in fact abandoned, the petitioner may petition for an order to adjudge the well as abandoned and leave to plug said well in accordance with the administrative requirements of the Commission.

However, the grounds and manner of preparing the petition or complaint are matters for the decision of your council.

Form C-102, Notice of Intention to Plug and Form C-103, Report of Plugging, both in triplicate, in this case would only be approved by an authorized agent of the Commission after hearing and promulgation of a proper order.

The practical course for all parties concerned would simply be to avoid unnecessary litigation before the Commission. The party who has assumed operation of the well could supply the bond (which under present requirements must be in the sum of \$5000 with corporate surety) and then the bond which you seek to have cancelled would become a reality upon acceptance of the new bond.

As already indicated the bond in question, insofar as the Commission is concerned, is to assure approved plugging. You can therefore readily see that the Commission could not cancel the bond noted in the caption unless the well is determined as abandoned or unless the parties who have assumed operation of the well supply the bond as required by the Commission.

Very truly yours,

Carl B. Livingston
Chief Clerk & Legal Advisor

CBL:MS

PHONE 410

EYE, EAR, NOSE, THROAT
EYES TESTED
GLASSES FITTED

J. WESLEY HEAD, M. D.
110 EAST FIFTH STREET
BORGER, TEXAS

January 7, 1940

Oil and Gas Conservation Commission
Santa Fe,
New Mexico

Attention Mr. Livingston

My dear Mr. Livingston:

You will recall that last October I was in Santa Fe and discussed with you the Plugging of the Head, Miller well in Section 31, Range 20 North, in Harding County, New Mexico. You gave me some blanks at that time with the instructions how to make application to Plug a well in the State of New Mexico.

After coming home I talked with one or two of the parties interested and they were of the opinion they could get the matter worked out in a short time. However there hasn't been anything done in so far as getting the well opened is concerned.

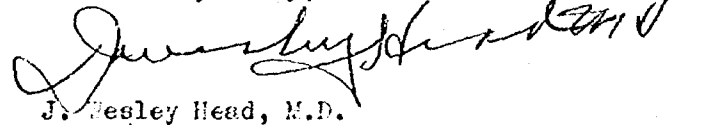
Unfortunately I have misplaced the papers which you gave me while in your office. I have made up my mind fully that I will make application for the Plugging of that well at the earliest moment possible and wind the matter up.

Will you please be so kind as to mail me the necessary blanks by return mail to carry out my purpose and as soon as the papers are returned to you I will appreciate it very much if you will take the necessary steps to notify all interested parties of record of the application.

If you prefer I will be glad to furnish you with the names of all parties who have interest in the well and their addresses as near as possible.

Hoping to hear from you at your earliest convenience I am wishing for you and yours a joyous and happy New Year. I am

Yours very truly,



J. Wesley Head, M.D.

JWH:ra

LIST OF OWNERS IN HEAD AND MILLER ASSIGNMENTS.

James T. Locke, Canon City, Colorado
George and Lula Newell, 405 Doyier, Canon City, Colorado
Contract to J. J. Donnelly, Freemont Co. Colorado
Thos. M. Warner, Canon City, Colorado
Lloyd and Anna Dingman, Pueblo, Colorado
Mark and Emma Richardson, Pueblo, Colorado
Mark and Charles Richardson, Pueblo Colorado
Charles Richardson, Pueblo, Colorado
Jannette Richardson, Pueblo, Colorado
Bertram V. Blackwell, Amarillo, Texas
G. W. Ecton, La Junta, Colorado
Ralph A. Reynolds, Vernon Ecton, M. H. Crowley, La Junta, Colorado
W. H. McCreery, La Junta, Colorado
Walter J. Frost, La Junta, Colorado
John H. Holly, Swink Colorado
F. H. Burshears, La Junta, Colorado
B. O. Halsted, Florence, Colorado
Charles Schwarz, Portland, Colorado
Leila M. Rapp, Pueblo, Colorado
Ira Dulton, Pueblo, Colorado
Charley, Mannett and Mark B. Richardson, Pueblo, Colorado
Dan. B. Holcomb, Canon City, Colorado
Pearl S. Locke, Canon City, Colorado
Roy Lenocker, La Junta, Colorado
Mrs. Emma Richardson, Pueblo, Colorado

LIST OF OWNERS IN HEAD AND MILLER ASSIGNMENTS

PAGE 2

Claude Peton, La Junta, Colorado

Ralph A. Reynolds & Vernon Eaton and W. H. Crowley, La Junta, Colorado

Hoy G. Brosius, La Junta, Colorado

Walter Corbin, La Junta, Colorado

Edward Reiss, Pueblo, Colorado

F. D. Poindexter, La Junta, Colorado

John H. Holly & F. H. Burshears, & E. G. Woodbridge, La Junta, Colorado

Not Recorded Thos. M. Warner, Canon City, Colorado (Assignments from
Warner to Charles A. Billey and Rebecca B. Billey, his wife, Canon City,
Colorado.

Alexander Walker and Mary Warner Walker his wife, Canon City, Colorado

Held by Harding County Abstract Company

J. C. Sullivan, Pampa, Texas

J. C. Adams, Borger, Texas

Lester Sullivan, Pampa, Texas

J. W. Landen, Canon City, Colorado

R. M. Conder, La Junta, Colorado

Tom C. Hanagan, Swink, Colorado

Blanche Hellman, Pueblo, Colorado

Henry Dinken, La Junta, Colorado

John H. Cowden, ?

Victor H. Lagerquist ?

John H. Holly & F. H. Burshears, La Junta, Colorado

OIL CONSERVATION COMMISSION

July 13, 1940

Mr. James T. Locke
Attorney at Law
Harrison Bldg.
Canon City, Colorado

C Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as
NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 21-20N-31E, Harding County, New Mexico.

Dear Mr. Locke:

O Reference is made to your letter of July 11.

P To one not familiar with the practice under oil regulatory
bodies in New Mexico, the interpretation which you place upon the
bonding requirement may seem reasonable, but you have not analyzed
the rule nor correctly quoted it. It is true that the bond covers
two items -- damage to surface when under state purchase contract
(which in the instant case does not apply), and the plugging of
the well when it is finally abandoned.

Y That portion of the rule which applies in the instant case
reads:

"All liability on bonds conditioned for the plugging
of a well or wells shall continue until the plugging
of such well or wells is completed and approved." (The
underlining is mine.)

You misread the rule in stating that in this respect the bond
stands until the well is completed and approved. The fact is the
rule reads, "until the plugging of such well or wells is completed
and approved." That eventuality has not transpired.

As explained to you in my former letter, the well is covered
by a good bond with corporate surety. In so far as the Commission
is concerned, the Commission is protected by the assurance of the
bond standing until the plugging of such well is completed and
approved. The only parties who have given a bond may wish to
force the ceasing of their liability upon the bond by having the
well adjudged as abandoned, and under an order therefor plug the
well. The calling to the attention of the parties who now appar-
ently are the interested ones was simply a courtesy.

Mr. James T. Locke

-2-

7/13/40

C
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P
Y

The provision which is quoted covering carbon dioxide wells is exactly the same provision that stands in Circular No. 1, which circular was employed for gas wells of all kinds up until the adoption of Circular No. 4 for specific rules as to carbon dioxide wells. As referred to before, there are some 3,000 producing wells in New Mexico, most of which are owned by oil companies and independent operators of unquestioned responsibility and integrity. Most of these have a most excellent corps of petroleum attorneys upon their legal staffs. It would seem exceedingly odd that every one of these interpret the rule in question for exactly what it says: "All liability on bonds conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved."

What little difficulty the Commission has had in this direction is usually through someone practically altogether unfamiliar with the workings and practices under this oil regulatory body. To you, your interpretation undoubtedly seems correct, but is incorrect in fact. It is for you to advise your clients as you see fit, but you and they are now on notice as to the existing situation. Should the principals or surety upon the now existing bond covering the well in question seek to end their responsibility upon petition before the Commission to have the well ordered abandoned and with an order for approved plugging, then where would the parties now actually in interest be?

Y
With explanations as full and as clear as I can make them, further statements would only be a reiteration of what has been said before, and I shall therefore conclude my correspondence in the matter and leave the matter rest with you.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

July 11, 1940.

Mr. Carl B. Livingston, Atty.,
Oil Conservation Commission,
Santa Fe, New Mexico.

Dear Mr. Livingston:

Re: CO₂ well in Section 31 - 20 N. R.
31 E., Harding County, New Mexico.

I thank you for your letter of the 9th in the above matter and I have read carefully the markings in the Circular No. 4 you sent me, which embraces Order No. 67 of the Commission.

There are two subjects only to be covered by bonds:

1. Bonds "conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved."

This is one condition and a distinct period of termination. Your rule then provides for another condition:

2. Bonds "conditioned to protect surface owners as aforesaid shall cover liability incurred during the entire period of oil and gas operations by the principal on the lands involved".

Your rule makes a clear distinction as to the period these two classes of bonds shall run. The first conditioned for the plugging of a well runs "until the well or wells is completed and approved". When the other condition is in, the bond runs "during the entire period of oil and gas operations by the principal."

Bonds to protect the surface, mentioned in paragraph 2 hereof, are only authorized in the following circumstances: Page 3, "when the well or wells involved or any such wells are

Mr. C. B. L.

---2---

July 11, 1940.

located on a state oil and gas lease and the surface of the land involved was sold by the State prior to such oil and gas lease, such bond may at the election of the principal, be conditioned not only for the plugging of such well or wells as above provided, but also to secure the payment for such damages to the live stock range, water, crops or tangible improvements on such land as may be suffered by such purchaser or his successors in interest by reason of development, use and occupation resulting from such oil and gas leases."

The bonds mentioned in the second paragraph hereof are only authorized where the land was originally state land and the surface has been sold, we will say, to Bill Smith. In that case, Bill Smith may require under this rule that the bond may go further than the plugging of the well, when abandoned, and cover damages to Bill Smith on account of injury to his range, etc. In no other case is that warranted and our land is not in that class. It is patented by the Government of the United States and was never owned by the State. Therefore, the bond in this case would only be held good, it seems to me, until it was determined whether the well was a success or a failure, as your rule says, "completed and approved", and if a failure, the bond would be terminated upon the plugging of the well.

But your rule says that where a bond is conditioned for the protection of the surface owners under land purchased from the State, that "it shall cover liability incurred during the entire period of the oil and gas operations by the principal on the lands involved".

In my judgment it is as plain as the nose on your face that in our case the liability on the drilling bond should be terminated because the well has resulted in production and as I told you is cased with three strings of casing, and is capped and being protected in every way and is waiting only for a plant to become of value to

Mr. C. B. L.

---2---

July 11, 1940.

both the State of New Mexico and its owners.

It was the pioneer well, excepting the abandoned well of 1914, which is on our land, to reach what is called the "big sand". No other well except 1914 up to that time had been drilled below 1700 feet. Ours was drilled to 2142 feet and we have the largest production of any well in the field.

We do not think that it is fair or within your rule, to compel us to pay a Surety Company for a bond on this well. As I said in my letter of yesterday, our folks may prefer to do it to antagonizing your Commission. But they ought not to be forced to do that.

I have written Denver as I told you in my letter of yesterday, and sent a copy of our correspondence on this subject, and asked Judge McLaughlin, interested in the New Mexico Gas Ice Company owning a half of this well, and one of Denver's best lawyers, to advise me of their attitude. We believe this well is likely to be producing CO₂ gas for many years because we have great faith in the field, and in the ultimate value of the gas, but it is a dead expense to us now and we have put a lot of money in it.

I did not discuss this subject further in my letter of yesterday because I felt, after reading your letter, that my attitude was irritating. I do not think it should be, and I now again appeal to your judgment in this matter on our peculiar facts.

Yours very truly,

James T. Locke

JTL/EMW

OIL CONSERVATION COMMISSION

July 12, 1940

Mr. James T. Locke
Attorney at Law
Harrison Building
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as
NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E, Harding County, New Mexico.

Re: Drilling bond with J. L. Head and W. A. Miller, Prin-
cipals, and Maryland Casualty Company, Surety, for one
well upon NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$),
Sec. 31-20N-31E, Harding County, New Mexico.

My dear Mr. Locke:

Reference is made to your letter of July 10.

I do not wish you to feel that you are being imposed upon in our
insistence for a bond covering the well noted in the caption. You
state you find no authority for such, but are willing to comply in
view of the fact that there are 3,000 producing wells which are with-
in the requirements of the Commission. You are referred to the
bonding requirements in Circular No. 1 of the Commission which was
sent you under date of July 9. The requirements are specifically
stated therein, in substance: Wells are bonded until approved plugging.

The well in question is covered by the bond noted in the caption,
but, as explained to you before, either the principal or the surety
might at any time petition the Commission sitting in its judicial
capacity to have the well adjudged as abandoned and to obtain an order
for plugging. Dr. J. Wesley Head has already been insisting upon the
Commission's granting him authority to plug this well so as to be
relieved of his bond. He has not done so through petition to the
Commission but simply by informal request. That is why I wrote you
along the lines of having your client supply the bond.

It is not the Commission's function to supply corporate sureties.
There are some fifty or sixty licensed in New Mexico to write bonds
of this nature, which number takes in most of the well known and
well recognized companies.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

July 10, 1940.

Mr. Carl B. Livingston, Atty.,
Oil Conservation Commission,
Santa Fe, New Mexico.

Dear Sir:

Re: CO₂ well in Section 31 - 20 N., R.
31² E., Harding County, New Mexico.

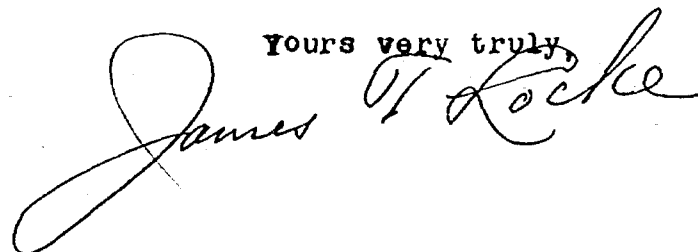
I have your letter of the 8th.

While I could find no authority for requiring the bond on the well in ~~its~~ condition, since you say there are 3000 producing wells under the jurisdiction of the Commission, all under bond, that seems to establish a practice that the owners of this well may not wish to combat.

Will you, therefore, give me the name and address of the Surety Company on the present bond and tell me what amount of bond the Commission requires on this particular well in its present condition and under its circumstances?

In the meantime, I will take the matter up with the owners in Denver and some other interested parties and make preparation to act upon the matter.

Yours very truly,



JTL/ELW

July 9, 1940

Mr. James T. Locke
Attorney at Law
Harrison Building
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes de-
scribed as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E,
Harding County, New Mexico.

My dear Mr. Locke:

Further replying to your letter of July 5,
enclosed please find Circular No. 4 of the Com-
mission governing carbon dioxide. Your atten-
tion is especially drawn to Bonding Requirements
on pages 3 and 4.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CSB:ik
Enc.

OIL CONSERVATION COMMISSION

July 8, 1940

Mr. James T. Locke
Attorney at Law
Harrison Building
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E, Harding County, New Mexico.

My dear Mr. Locke:

Reference is made to your letter of July 5.

The purpose of writing the Colorado-Mex Gas Company for a drilling bond was merely for your client's own protection. Both principal and surety on the present bond have the right to have that bond cancelled upon abandonment of the well. The principal is insisting upon his bond being cancelled. This cannot be done, of course, until the well is plugged. If your client as the owner does not desire to substitute a bond, the principal or the surety on the existing bond can file a petition before the Commission sitting in its judicial capacity to have determined the issue as to the abandonment of the well in question.

The Commission has jurisdiction over not only state owned lands, but also over privately owned lands carrying the oil and gas rights. Drilling bonds are conditioned up to final approved plugging. There are nearly 3,000 producing wells under the jurisdiction of the Commission under bond. Do you think these bonds would be continued if the Commission could not enforce its orders? From your letter, I surmise you are not familiar with the oil and gas business in New Mexico, and I trust that you are not advising your client along the lines suggested in that letter.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:lk
cc - Colorado-Mex Gas Co.
cc - Mr. Frank Horn.

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLORADO

July 6, 1940.

Mr. Carl B. Livingston, Atty.,
Oil Conservation Commission,
Santa Fe, New Mexico.

Re: Carbon Dioxide Well, Adj. R.R. 31 -
S.E. 1/4 31 E., Harding County, New
Mexico.

Dear Sir:

I received the Oil Conservation Commission Circular No. 1 and also Circular No. 4, Rules and Regulations, for which I thank you. I have been necessarily delayed in answering and put in the 4th of July looking the matter up in your Circulars. One matter is settled that CO₂ gas and oil insofar as applicable, are controlled by the oil and gas Statutes.

The question now is about the numerous owners of this well giving a bond for plugging the well when abandoned in the circumstances that this well was drilled to below 2100 feet and has 3 strings of casing in it, besides the short string of 12 inch casing at the top. This casing, with the very careful cement work that was done by the employment of a specialist from the oil field, has shut off all water, and there is no water in this gas and no impurities.

The State authorities of New Mexico were kept advised all the time in relation to this and advised at various points and were continuously consulted on all important matters regarding the casing and cementing of this well. After it was finished, the authorities measured the CO₂ gas that was produced at 4,985,000 cubic feet per day of CO₂ gas, and the gas is practically pure except for a bit of moisture that probably came from the atmosphere in the process of testing it.

✓ The owners are L. M. Appel, 1004 Harrison Street, Denver, Colorado, and John L. Neale, of

July 8, 1940.

Bueyeros, New Mexico, and their associates or their Company, New Mexico Gas Ice Company, who own an undivided one-half, and the other undivided one-half is owned by diverse individuals who took assignments from Dr. Head, whom you mention, and one W. A. Miller, and Dr. Head has, as you say he admits, sold out his entire interest and Miller has likewise, and got the cash for it. The major part of the drilling was done by James J. Donnelly, who now owns about one-eighth, I think, of this well.

Donnelly and the other unit holders of the one-half not held by Appel et al, organized the Colo-Mex Gas Company, a New Mexico Corporation, for the purpose of concentrating their efforts to handle this well and other leasehold interests on lands adjoining, and made that corporation their agent for that purpose, without any ownership of the gas vested in the corporation.

It seems that when Jim Donnelly started the drilling of the well Head and Miller furnished a bond which no doubt they paid for out of the funds they got from the sale of the interests, and that bond is still standing as I understand, and perhaps it should continue to stand so long as the well is not abandoned. That question I do not pass upon. I do say, however, that there is nothing in these statutes or in your rules and regulations that I can find that authorizes the Commission to require a new bond of the present owners to be given and maintained until this producing well is abandoned, which we hope may be many years. Such a bond would be a further useless expense to the men who have put up the money to drill this well, which is presumably money that was spent for the advancement of the CO₂ gas field of the good State of New Mexico and mostly spent by colored men.

Rule 39, Circular No. 1, says that persons who have drilled or are drilling or propose to drill shall give a bond. As I have stated before this is true, but there is no other authority that I can find for requiring a bond.

Mr. C. D. L.

---3---

July 3, 1910.

You say in your last letter that Dr. Head asks an order of the Commission permitting him to plug this well. Just about like him. If the Commission would back him in such a haphazard act, he would do it, or attempt to. Of course the Commission would not take the responsibility of making such an absurd order. I am writing thus fully, in the belief that the Commission will not impose an unnecessary expense on these unit holders in these circumstances, and particularly when there is no statute requiring or authorizing them to do so.

Will you please be good enough to put this matter up to the Commission just as I have given it to you. The matter of plugging this well can be taken care of by the Commission under authority of other statutes when the well is exhausted. In the meantime, the State of New Mexico ought to get some revenue from it and is certainly under obligations to the men who put up the money to produce the CO₂ gas in this well, and who are earnestly and diligently endeavoring at this time to get a plant on the well where they have the whole interest in the balance of 1200 acres leased from De Baca, not from the State, and derived through the lease from De Baca to John W. Realy, of Albuquerque, New Mexico.

We are protesting the useless expense which the State of New Mexico would get no part of but would all go to some bonding company. If Dr. Head's bond is up let it stand. Let him pay for it out of our money, or don't, and he has not kept his agreement with his assignees, particularly in that he and Miller agreed to drill a second well and they have not done so, and of course you are not concerned particularly in that. I mention it only because you might think it was a hardship on him since he would lose his interest in the well. That is the present I have in referring to Dr. Head to you.

Very truly yours,

Yours very truly,

James T. Locke

JTL/

OIL CONSERVATION COMMISSION

June 19, 1940

Colorado-Mex Gas Company
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E, Harding County, New Mexico.

Gentlemen:

Your attention has heretofore been brought to the advisability of supplying a bond to cover the above captioned well. It has been pointed out that although the well may be completed and capped, the bond as required by the State is conditioned to endure until final approved abandonment.

The well at present is covered by a bond with J. L. Head and W. A. Miller, Principals, and Maryland Casualty Company, Surety. However, J. Wesley Head, M. D., 110 East Fifth Street, Borger, Texas, who seems to have had some connection with the well and the bond in question, insists upon being allowed to be issued a permit to plug said well in order to have the bond eligible for cancellation. Dr. Head states that he no longer has any interest in the well. From the files of the Commission, it is observed that no permit to drill the well in the first place has ever been granted by the Commission.

It is our understanding that you are now responsible for the well in so far as ownership is concerned, and it was therefore believed that you would naturally wish to supply the required bond in order that your bond may replace the drilling bond of Head and Miller noted above, and in order that said bond of Head and Miller may be cancelled.

Please give this matter your attention.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston
Attorney

CBL:ik

cc - Mr. J. J. Donnelly
Colorado-Mex Gas Company
Canon City, Colorado
cc - Mr. Frank Horn

OIL CONSERVATION COMMISSION

May 23, 1940

C
O
P
Y

J. Wesley Head, M. D.
110 East Fifth Street
Borger, Texas

Dear Dr. Head:

Reference is made to your letter of May 21.

I refer you to my letter of April 24. J. Wesley Head has no bond with the Commission, nor any permit for any well in Harding County.

As explained in my letter to which I refer, Head and Miller (Dr. J. W. Head and W. A. Miller) as principals, and the American Employers' Insurance Company, as Surety, did have a bond covering a location upon the NW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 32-20N-31E., Harding County. This bond was cancelled November 17, 1937. The active bond list shows another well described as NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 31-20N-31E., for which there is a drilling bond with J. L. Head and W. A. Miller, principals, and Maryland Casualty Company, Surety. You, of course, are not one of the sureties in this bond. According to the records, I find no permit -- that is, an approved Notice of Intention to Drill -- either in the name of Dr. J. Wesley Head or the persons in the bond just named.

Inasmuch as Dr. J. Wesley Head holds no permit to drill in Harding County, you, of course, would not be entitled to plug any well.

Very truly yours,

Carl B. Livingston
Attorney

CSL:ik

cc - Mr. Frank Horn.

EYE, EAR, NOSE, THROAT
EYES TESTED
GLASSES FITTED

J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS

STATE OF NEW MEXICO

MAY 23 1 08 PM '40

SANTA FE, N. M.

May 21, 1940.

New Mexico Land Dept.
Santa Fe, New Mexico,

Attention Oil and Gas Division

Gentlemen:

Some three weeks ago I wrote you in regard to a gas well in Harding County, New Mexico, for which I have up a bond for the drilling with the Maryland Casualty Co., Baltimore, Maryland.

As I stated in my previous letter that I had no connection with this well and have not had for two years or more. The well is shut in and has never produced anything from the time it was drilled in, on October 6, 1936.

I am asking you in this letter to send me a blank application for a permit to plug this well, as it is my purpose to have the well plugged. As it stands, it is of no value to me or anyone else. All the interest in the lease upon which the well has been located has been taken from me and no production has ever been taken from the well.

Please send me all necessary blanks to fill out for the plugging of the well.

Yours very truly,

J. Wesley Head, M.D.

JSH:mr

OIL CONSERVATION COMMISSION

May 24, 1940

Mr. J. J. Donnelly
Colorado-Mex Gas Company
Canon City, Colorado

Re: Carbon Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes de-
scribed as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-31E., Harding
County.

Dear Mr. Donnelly:

You have overlooked supplying a bond on the
above captioned well. Enclosed please find Bond Form
39-B1, which requires a corporate surety. The bond
is to be written in the sum of \$5,000.00.

The bond as required by the Commission is not
merely to cover drilling operations, but to cover the
completed well to assure its care, in point of con-
servation, up and until it has approved abandonment.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:lk
Enc.
cc - Florence, Colorado

P. S. Inasmuch as there seems to be some
variance in the description of the well location in
question, please correctly name the description in
your bond.

C.B.L.

C
O
P
Y

OIL CONSERVATION COMMISSION

April 24, 1940

C
O
P
Y

Dr. J. Wesley Head
210 East Fifth Street
Burger, Texas

Dear Dr. Head:

Reference is made to your letter of April 22.

Your letter is too general in nature to give you a specific answer. You do not mention any definite well by location in order that the matter may be looked up. I do note in the records a well described as the NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 32-20N-31E., for which there was a drilling bond with Head & Miller (Dr. J. W. Head and W. A. Miller) as principals and American Employers Insurance Co. as surety. This bond was cancelled November 17, 1937.

The active bond list shows another well described as NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 31-20N-31E., for which there is a drilling bond with J. L. Head and W. A. Miller, principals, and Maryland Casualty Company, Surety. You, of course, are not one of the sureties in this bond.

A drilling bond remains in force until final approved abandonment of the well which it covers, or unless a new bond is substituted to take the former bond's place.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik

PHONE 410

EYE, EAR, NOSE, THROAT
EYES TESTED
GLASSES FITTED

J. WESLEY HEAD, M. D.

110 EAST FIFTH STREET

BORGER, TEXAS

RECEIVED
STATE LAND OFFICE

APR 24 8 42 AM '40

SANTA FE, N. M.

Land Department
Santa Fe, New Mexico.

Attention: Oil and Gas Division

Gentlemen:

By referring to your records, you will see that I took out a drilling permit in drilling a gas well in Harding, New Mexico in 1936.

This letter is for the purpose of seeking information concerning the bond which was made through the Maryland Casualty Company in connection with the drilling of the above mentioned well.

✓ This well was taken over and away from me and from under my supervision more than two years ago. I have had absolutely no connection with this well, under the ruling of the court, and nothing whatsoever to do with the well and I have not seen the well or been about it for more than two years.

✓ The well was taken over and away from me, together with all the management connected therewith, by Judge Locke of Canon City, Colorado, and his associates.

Now my purpose in writing this letter to the land office is to ascertain from you and the department what steps I should take to relieve myself of this bond obligation, as I am not permitted to comply with the rules and regulations of your department, under the order of the court, so please advise me by return mail what steps I should take in this matter.

Yours very truly,

J. Wesley Head
J. Wesley Head, M.D.

JWH:mp

J. L. Head & W. A. Miles
April 22, 1940.

in & Mr 31-20N-31E

J. L. Head

October 28, 1938

Maryland Casualty Company
Baltimore, Md.

ATTENTION: Mr. L. C. Morgan

Re: \$2000.00 drilling bond with J.L. Head
and W. A. Miller, Principal, and
Maryland Casualty Co., surety, for
one well upon NE 1/4 NW 1/4 31-20N-31E.

Gentlemen:

In reply to your inquiry of October 24, the above
designated well was completed as a commercial well,
and of course is not ready for abandonment. The
bond remains in force until final approved abandon-
ment, which means proper plugging.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston
Attorney

CBL:m

MARYLAND CASUALTY COMPANY

BILLIMAN EVANS, CHAIRMAN OF THE BOARD
EDWARD J. BOND, JR., PRESIDENT
BALTIMORE

NEW MEXICO

CONSERVATION COMMISSION

OCT 27 1938

AUDITING DIVISION
G. MURRAY SEAL, AUDITOR
GEORGE W. ESER, ASSISTANT AUDITOR

October 24, 1938

The New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention: Mr. Carl B. Livingston, Attorney

Gentlemen:

\$2000 Drilling Bond with J. I. Head and
W. A. Miller, principal, and MARYLAND
CASUALTY COMPANY, surety, for one well
upon NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N-31E

We have your letter of April 19, 1938 in re-
gard to the above captioned bond together with a carbon copy
of Mr. Head's letter dated May 31, 1938. Since then we have
been endeavoring to straighten this matter out with Mr. Head
but we have written numerous letters to him and up to the
present time we have not received a reply. At this time we
would appreciate it if you will let us know what is the present
status of our bond so that we can determine just how to pro-
ceed with the collection of the premium due or to secure the
release on our bond.

Any cooperation you may be able to give us in
this matter will be greatly appreciated and we hoped that we
would hear from you at your earliest convenience.

Yours very truly,

Auditing Division

By

P. C. Morgan
P. C. Morgan

January 30, 1939

Panhandle Insurance Agency
Borger, Texas

Re: \$2000. Drilling Bond, H. L. Head
and W. A. Miller, principals, with
Maryland Casualty Co., Surety, for
one well upon NE-NW $\frac{1}{4}$, 31-20 N.-31 E.

ATTENTION: Mr. Ely E. Fonville.

Gentlemen:

In response to your letter of January 28 wherein you state you wish a copy of the bond noted in the caption, if it is a copy you desire, it can only be copied by the photostat machine, for which there is a certain charge. I surmise, however, you wish a bond form. Enclosed is bond form 39-B1 for one well. This is the form now being used, but not the form as was used in the bond noted in the caption.

If you desire an actual copy, an estimate will be made for photostating and you will be advised to remit for the amount in order that the photostat may be made.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:1k

IF IT IS INSURABLE WE WILL INSURE IT

OFFICES AT
AMARILLO
BORGER
PAMPA



AGENCY PERSONNEL
R. EARL O'KEEFE
S. WAYNE O'KEEFE
J. B. BOURLAND
W. A. MEYERS
PAUL A. POTTER
FARRIS C. ODEN
ELY E. FONVILLE
ALVIN BELL
FRED FYFE
H. BRIAN HOOKS

Borger, Texas
January 28, 1939.

Conservation Department,
Santa Fe, New Mexico.

RE: BOND NO. 64939, -C, J. L. Head and W. A. Miller.

Gentlemen:

We believe that sometime back the above numbered bond was executed and filed with your department in connection with an oil well located in Harding County, New Mexico.

We ask that if this is possible that you please forward us a copy of the bond as filed with you. Thanking you for this favor, we remain,

Yours very truly,

PANHANDLE INSURANCE AGENCY

BY

ELY E. FONVILLE

EEF:LHE

December 14, 1938

Mr. John H. Holley
Swink, Colorado

Re: \$2000.00 Drilling bond with J. L.
Head and W. A. Miller, Prin. Mary-
land Casualty Co. of Baltimore,
Surety, for one well upon NE $\frac{1}{4}$ NW $\frac{1}{4}$
31-20N-31E.

Dear Mr. Holley:

The enclosed carbon copy of letter addressed to Dr. J.
Wesley Head, dated December 7, with regard to the above
captioned bond is self-explanatory.

Very truly yours,

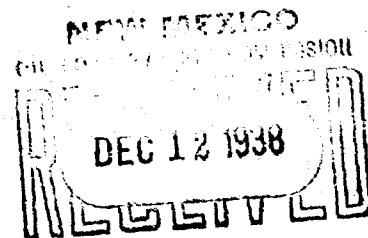
OIL CONSERVATION COMMISSION

By

Carl B. Livingston
Attorney

CBL:m
enc.

December 10, 1938



Mr. John H. Holley
Swink, Colorado

My dear Mr. Holley:

Re: Drilling bond, \$2000.00, J. L.
Head and W. A. Miller, Prins.,
Maryland Casualty Company of
Baltimore, Surety, for one well
upon NE1/4, 31 - 20N - 31E.

I am in receipt of a letter from the Maryland Casualty Company of Baltimore, Maryland, with whom I made a drilling bond for the Head-Miller Well, as above described, in Harding County, New Mexico, demanding a premium now due on the bond. I notified the Oil Conservation Commission of Santa Fe, New Mexico, that insofar as I am concerned, that I had abandoned the well and purpose to ask the Conservation Commission for an order to plug same, unless I am released of this bond immediately. This bond is in the amount of \$2000.00 and must be replaced immediately with a corporate surety bond in the amount of \$5000.00 if the well is to remain open as it now is.

I suggest that you write the Oil Conservation Commission and ask them for a blank bond form, No. 39 - B1, which they will send you, in order that you may replace the bond without any interference insofar as the well is concerned.

A \$2000.00 bond was all that was required in 1937 for a 1500 ft. well, but the law has been changed since that time. One having a hole of 1500 ft. or more must make a bond in the sum of \$5000.00, with corporate surety.

I trust that you will have this matter attended to and notify me immediately so that it will not be necessary for me to take further steps in order to get relieved from this bond.

With best regards, I am

JWH:mm

Enclosures (1)
CC: Oil Conservation Commission
Maryland Casualty Company

Sincerely,

J. Wesley Head, M. D.

December 7, 1938

Dr. J. Wesley Head
115 East Fifth Street
Borger, Texas

Re: \$2000. Drilling bond with J. L. Head and
W.A. Miller, Prins., Maryland Casualty Co.
of Baltimore, Surety, for one well upon
NE1/4 31-20N-31E.

Dear Dr. Head:

In response to your letter of December 5, the above designated drilling bond runs until approved abandonment, whenever that may be. It is understood that the well in question has production and is likely to continue in this status for an indeterminate period.

In that you state that ownership has changed, naturally you do not wish to continue with the bond. The bond may be immediately released upon a new principal, with corporate surety, substituting a satisfactory drilling bond.

The present requirements of drilling bonds are not the same as they were when you obtained yours, early in 1937. All bonds for wells over 1500 feet deep must be bonded for \$5000.00, with corporate surety. The well in question, according to our records, is 2050 feet deep.

Enclosed herewith you will find bond form 39-B1, which your successor in interest may supply.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:m

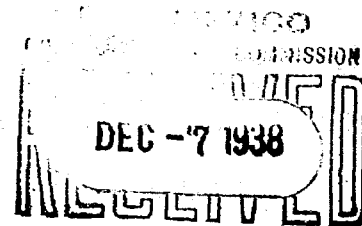
PHONE 410

J. W. Head

115 EAST FIFTH STREET
BORGER, TEXAS

December 5, 1938

EYE, EAR, NOSE AND THROAT



NEW 21-100-315

*Letter to Donnelly Bros. Mueggen
Colorado New Mexico Gas Co. Co.
Borger, Tex.*

Oil Conservation Commission
Santa Fe,
New Mexico

Gentlemen:

I am writing this for the purpose of making inquiry as to my status in the matter of the Maryland Casualty Company Bond, insofar as the Head-Miller Well in Harding County, New Mexico is concerned. Through legal proceedings held in Clayton, New Mexico, Mr. Miller and myself lost control of the well to John P. Healy and L. M. Appel and other interest holders in Colorado. As Mr. Miller and myself have no connection with the well, I am desirous of getting the responsibility shifted to the parties who have control at this time and have them pay the premiums on the bond.

I wrote the Maryland Casualty Company in this connection and am enclosing herewith a copy of their letter. You will please advise me by return mail what steps I will have to take in order to get this bond transferred to the owner and operator of the well as it is not just and right for me to pay this and be held responsible to the State for something I would not have any control of.

Trusting that you give this matter your prompt attention and advise me by return mail just how to handle this matter, I remain

Sincerely,

JWH:mm

J. Wesley Head, M. D.

Enclosure (2)

MARYLAND CASUALTY COMPANY
Sillman Evans, President
BALTIMORE

NEW MEXICO
OIL CONSERVATION COMMISSION

DEC -7 1938

December 1, 1938

Dr. J. Wesley Head
115 East Fifth Street
Borger, Texas

Dear Sir:

64939-F&S
J. L. Head and W. A. Miller
Fort Worth, Texas

Your letter of November 25 addressed to our Auditing Department has been referred to the writer and as you of course understand at the time this bond was executed the premium charge was to be paid to our agent, T. W. Scales & Company, until such time as were furnished with a release terminating our liability under the above captioned bond.

According to our records this \$2000.00 oil well drilling permit bond in favor of the State of New Mexico is still in full force and effect as we have not been furnished with cancellation evidence from the State of New Mexico.

We would therefore request that if our liability has terminated that you furnish us with the necessary cancellation evidence from the State of New Mexico that will enable us to terminate our liability.

In the meantime we wish to advise you that the \$20.00 premium charge which became due on March 31 is of course due us and the premiums should be paid until such time as we are furnished with the release terminating our liability from the State of New Mexico.

Yours very truly,

Contract Department

BY:

J. J. Monaghan

5

CC: T. W. Scales Company
CC: Auditing Division, Home Office

December 4th, 1937

Mr. James T. Locke,
Harrison Building,
Canon City, Colorado

Dear Sir:

The derrick over the Head and Miller well may be removed at any time.

It is not necessary to have the derrick when we take bottom hole pressures. I personally visited the well recently and it has the proper fittings as required by the Oil Conservation Commission. In one of my previous letters to you I informed you that Mr. Robert Pettit, one of the State Oil and Gas Inspectors, was present when the well was tested for a satisfactory cement job and he approved of the job.

Very truly yours,

Acting State Geologist.

AA/11

JAMES T. LOCKE
ATTORNEY AT LAW
HARRISON BUILDING
CANON CITY, COLO.

Dec. 1, 1937.

Mr. A. Andrews,
Acting State Geologist,
Santa Fe, New Mexico.

Dear Sir:

I have your letter of November 30th in the matter of the bottom hole pressure and surveys of the Miller and Reed well near Espanola, New Mexico.

You say that it is not necessary to have this test made immediately because the gas is not being developed commercially. But I understand if you make a bottom hole test you must have the use of the derrick, and I have previously stated that I am holding the derrick for that test to be made.

If you will not need the derrick in the future to test the bottom hole pressures and surveys and whatever other things you may need to make, and have no immediate occasion for making any test whatever, please advise me and advise that the derrick is released and will not be needed.

I hope to hear from you soon because the matter is really urgent. If the derrick is needed to make any test the state expects to make of this well, then the state should do it now because it is unreasonable to require us to hold the derrick there to save the state the expense of sending a man from the home field to make an examination of this particular well.

Has the state received this well as being properly cased? If not, might the derrick be needed for that examination?

Yours truly,

JTL/LM

James T. Locke

CASE NO. 58

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

In the matter of the application of J. L. Head and W. A. Miller for an order determining as abandoned the carbon dioxide well sometimes known as the J.L. Head & W.A. Miller carbon dioxide well, NENE, (Sometimes described as NENW) 31-20-N-31E, Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission. This case is set for 10 A.M., August 4, 1944.

Pursuant to notice by the Commission, duly made and published, setting August 4, 1944 at 10 o'clock a.m., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the Courtroom of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. RAY ROGERS, State Land Commissioner, Member
HON. JOHN KELLY, State Geologist, Secretary
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Adviser

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
J. O. Seth	Stanolind Oil Company	Santa Fe, N. M.
R. E. Nelson, Jr.	Stanolind Oil Company	Tulsa, Oklahoma
W. D. Henderson	Stanolind Oil Company	Midland, Texas
George W. Selinger	Skelly Oil Company	Tulsa, Oklahoma
D. W. Spence	Sinclair Prairie Oil Co.	Midland, Texas
H. B. Hurley	Continental Oil Company	Ft. Worth, Texas
R. Van A. Mills	Continental Oil Company	Ponca City, Okla.
J. W. Head	Head & Miller	Borger, Texas
K. H. Dally	Head & Miller	Borger, Texas
A. Knickerbocker	Fred Turner, Jr.	Midland, Texas
J. M. Zachary	Neiville G. Penrose, Inc.	Ft. Worth, Texas
Hamilton McRae	Fred Turner, Jr.	Midland, Texas
Frank D. Gardner	Sinclair Prairie Oil Co.	Midland, Texas
G. L. Shoemaker	Shell Oil Co., Inc.	Midland, Texas
S. W. House	Humble Oil Company	Midland, Texas
V. C. Maley	Humble Oil & Refining Co.	Midland, Texas
Hugh L. Sawyers	N. M. Oil & Gas Ass'n.	Roswell, N. M.
Claude E. Wood	State Land Office	Santa Fe, N. M.
Jesse Hildreth	General Crude Oil Co.	Wink, Texas
Leo E. Schultz	Oil & Gas Dept.- State Land Office	Santa Fe, N. M.
Jerry Curtis	Magnolia Petroleum Company	Roswell, N. M.
S. P. Hamfin	Magnolia Petroleum Company	Midland, Texas
W. K. Davis	El Paso Nat'l Gas Company	Jal, New Mexico
R. L. Boss	Gulf Oil Company	Hobbs, N. M.
E. J. Gallagher	Gulf Oil Corporation	Hobbs, N. M.
A. E. Willig	The Texas Company	Ft. Worth, Texas
Glenn Staley	Lea County Operators	Hobbs, N. M.
Harvey Hardison	Standard of Texas	Houston, Texas
W. S. Peterson	Scouting Service	Santa Fe, N. M.
C. W. Faris	Shell Oil Company	Midland, Texas
John P. Healy	Colo-Mex	Santa Fe, N. M.
Weldon Brigence	Rowan Drilling Company	Ft. Worth, Texas
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
E. H. Foster	Phillips Petroleum Co.	Amarillo, Texas
Mrs. Nettie Ogle		Santa Fe, N.M.
Fred Turner, Jr.	Independent	Midland, Texas
D. R. McKeithan	Phillips Petroleum Company	Barbersville, Okla.

The meeting was called to order by the Chairman, and upon the request of the Secretary, the Chief Clerk read the call of the meeting as follows:

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 53

In the matter of the application of J. L. Head and W. A. Miller for an order determining as abandoned the carbon dioxide well sometimes known as the J. L. Head and W. A. Miller carbon dioxide well, NENE, (sometimes described as NENW) 31-20N-31E, Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission. This case is set for 10 A.M., August 4, 1944.

The attorney for the applicants is K. H. Kelly, esquire, Borger, Texas.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing notice of publication was made, pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 7, 1944.

OIL CONSERVATION COMMISSION

/s/ John M. Kelly

By (SGD) JOHN M. KELLY
SECRETARY

(SEAL)*

P R O C E E D I N G S

By K.H. DALLY, ATTORNEY FOR PETITIONERS:

Our principal purpose is to secure a release from liability under a bond with the Maryland Casualty Company, which was filed on the 31st day of March 1937.

(After being sworn to tell the truth, the whole truth, and nothing but the truth, Dr. J. W. Head testified as follows:)

MR. DALLY: First I will introduce in evidence a Power of Attorney from W. A. Miller. Both Powers of Attorney, but a general Power of Attorney for J. W. Head.

Your name is J. W. Head, and you reside in Borger, Texas?

DR. HEAD: Yes sir.

MR. DALLY: Dr. Head, at all times since the beginning of any drilling operations on the well described in the petition, you have acted as agent for W. A. Miller and J. W. Head?

DR. HEAD: Yes sir.

MR. DALLY: You appear here in that capacity?

DR. HEAD: Yes sir.

MR. DALLY: When was that well completed?

DR. HEAD: September 1936 - I think it was about the first of September.

MR. DALLY: Has it ever produced any carbon dioxide or oil or gas?

DR. HEAD: Hasn't produced in any quantity to the owner. Capped where it wasn't of any value to anybody.

MR. DALLY: Has there ever been a market?

DR. HEAD: No sir.

MR. DALLY: Has there been an effort made by you and other parties to obtain a market.

DR. HEAD: Not to my knowledge.

MR. DALLY: In further connection, I believe it has been involved in a law suit between the original land owner and several other parties?

DR. HEAD: Yes sir.

MR. DALLY: Your portion is much less than other interests?

DR. HEAD: Yes sir.

MR. DALLY: It would be impossible to determine exactly your interest in the well without a law suit?

DR. HEAD: Yes sir.

MR. DALLY: What is the condition of the well at this time?

DR. HEAD: In bad condition at this time.

MR. DALLY: Any leaks in the casing through which carbon dioxide gas is escaping?

DR. HEAD: Leaking around the casing, just how far down it is coming from, no one could tell. There are some bad valves on the well which control the pressure.

MR. DALLY: As stated, your principal purpose is to be relieved from the chief liability of this bond.

DR. HEAD: Yes sir.

MR. DALLY: To take the necessary steps to secure that release?

DR. HEAD: Yes sir.

BY JUDGE SETH: I represent the land owner, would like to ask a few questions.

Dr. Head did you have the outside casing of that well pulled?

DR. HEAD: I did.

JUDGE SETH: It has been leaking around that outside casing ever since?

DR. HEAD: No sir.

JUDGE SETH: The valves leak, and around the outside casing?

DR. HEAD: Leaking around the outside casing.

JUDGE SETH: When did you last see that well?

DR. HEAD: A few weeks ago.

JUDGE SETH: You can hear escaping gas one hundred yards away?

DR. HEAD: Can around the casing.

JUDGE SETH: Has been for nearly six years hasn't it?

DR. HEAD: No not that long.

JUDGE SETH: Hasn't it leaked ever since you pulled that outside casing?

DR. HEAD: No sir.

JUDGE SETH: Was it cemented at all?

DR. HEAD: Yes.

JUDGE SETH: It is coming up around the present casing?

DR. HEAD: The outside casing was pulled.

JUDGE SETH: Coming up from the place from which that was pulled?

DR. HEAD: Coming from around the casing.

JUDGE SETH: What was the estimated capacity of that well at the time?

DR. HEAD: It has been estimated 5 million to 20 million, variously estimated.

JUDGE SETH: The land owner's attitude - there is a litigation pending, tried in Mosquero about a month ago by Judge Taylor, and adjourned it to Taos to try to make arguments at Taos.

MR. KELLY: What type of litigation?

JUDGE SETH: The land owner is asking to cancel the lease for failure to develop the property. No effort has been made to sell the gas, we are seeking to cancel the lease because of breach to try to develop the property. We have no control over the well unless we are successful with the litigation.

MR. KELLY: You object to having the Commission direct the insurance company to plug this well?

JUDGE SETH: Not at all - Another Company, the Colo-Mex, is a Corporation but owns no interest in the well, it is an Association of Colorado "suckers" who put money in the well and this Corporation is formed to protect their rights. We have no objection to the well being properly plugged. In fact would like to have it done.

MR. KELLY: Any other witness or further questions? The Commission will hear anybody else interested in this case.

(After being sworn to tell the truth, the whole truth and nothing but the truth, Mr. John P. Healy made the following statements)

MR. HEALY: The object of this I believe was to relieve Dr. Head from providing a plugging bond, - there has been a misunderstanding concerning the obligations of carrying that bond. The unit holders organization, the Corporation Colo-Mex own one-half interest in the well. It was their understanding the plugging bond wasn't necessary, and they did nothing about it. I didn't know about this until recently, and I have convinced them that we should assume the bond and relieve Dr. Head, and we are very willing to do that.

MR. KELLY: Have you filed a bond with the Commission?

MR. HEALY: No, I have applied for a bond, it is not yet filed.

MR. KELLY: When were you at the well last?

MR. HEALY: Last Fall.

MR. KELLY: Do you substantiate the statement that the casing and valves leak?

MR. HEALY: Not as spoken.

MR. KELLY: What is the condition at the present time?

MR. HEALY: Present condition, except for the gas coming up between the

eight and six inch, probably leaking through the collar and production string - coming up between the six and eight inch. Mr. Landon and I drove steel cuttings in there and blocked it. We were advised the well should not be entirely closed.

MR. KELLY: Why?

MR. HEALY: Many drillers advised leaving the valve open slightly.

MR. KELLY: Do you realize any gas escaping in the air is a violation of the statute?

MR. HEALY: I wasn't acting particularly on that. We blocked the well and shut off the valves tight.

MR. KELLY: In other words, you claim this well is not leaking and cannot be heard for two hundred yards?

MR. HEALY: Slight leak - I think I could take a hammer and chisel and drive those cuttings a little tighter - a very slight leak.

MR. KELLY: What is the pressure?

MR. HEALY: Five Hundred Pounds - volume 3,940,000.

The well is in perfect condition with the exception that would perhaps have to pull the six inch string to stop the slight leak, perhaps if it was cemented it would block the leak.

MR. KELLY: What's the so called string to be pulled?

MR. HEALY: Two joints of big surface casing.

MR. KELLY: As I understood, it has been leaking between the eight inch and the outside.

MR. HEALY: Leaking between the six and eight inch.

MR. KELLY: Not on the outside of the eight?

MR. HEALY: No sir, and very slight at that.

MR. KELLY: Are you a member of the Colo-Mex Corporation?

MR. HEALY: No sir, I am not, the Colo-Mex owns one-half and I own one-fourth interest in another half along with three other men.

MR. KELLY: What is your interest, Dr. Head?

DR. HEAD: I don't know - I would have to make some calculation - I would have to see just what my interest would represent - not a great deal however.

MR. KELLY: In order to relieve the charge, you claim you own one-fourth interest?

MR. HEALY: I own one-eighth - four own one-half, and Colo-Mex owns the other half.

MR. KELLY: You individuals willing to put up a bond?

MR. HEALY: Yes sir.

MR. KELLY: You have applied for a bond?

MR. HEALY: We are applying for a bond altogether. The Attorney for the Colo-Mex unit holders had had a good deal of correspondence with your office. I cannot get it into their heads the law requires that bond - The act was passed sometime after 1929 and he has always been referring back of 1929. As soon as he has that settled it clears the whole situation.

MR. KELLY: Any further statements?

MR. HEALY: I would just like to have it understood the condition that well is in. Three strings of casing, six, eight and ten inch, two or three joints pulled off the ten inch.

MR. KELLY: The ten inch does not come to the surface anymore?

MR. HEALY: No. Two strings of casing, the six and eight come to the surface, the next two or three joints are pulled. The eight and six are properly cemented.

MR. DALLY: You are here representing those claiming one-half ownership in that well?

MR. HEALY: All concerned.

MR. KELLY: Have you an affidavit authorizing you to represent them?

MR. HEALY: I have a letter.

MR. DALLY: You are prepared to immediately proceed to secure a bond?

MR. HEALY: I will personally guarantee to do that.

MR. KELLY: The application is to plug the well, it is the condition of the well, not who owns it.

DR. HEAD: The well has been abandoned five years.

JUDGE SETH: An effort was made to prove that this leak for five and one-half years was a great improvement to the reservoir.

MR. HEALY: The pressure on the well registers the same pressure without the leak - not enough to change the pressure.

MR. DALLY: In connection with the lawsuit that was tried in Mosquero - W. L. Miller and J. L. Head did not appear in that case?

JUDGE SETH: They did not.

MR. LIVINGSTON: Please clarify the statement as to the dealings that I have with the Colo-Mex regarding the bond.

MR. KELLY: He wishes you to state the bond has been requested several times.

MR. HEALY: When he (Mr. Livingston) explained it to me, I told him

I would explain it to the other parties.

MR. KELLY: I would like to call the Oil Commission's Oil and Gas inspector to the stand.

(Mr. Roy Yarbrough, Oil and Gas Inspector for the Oil Conservation Commission)

MR. KELLY: Have you ever inspected the well in question?

MR. YARBROUGH: No I never have.

MR. KELLY: You don't know the shape of the well?

MR. YARBROUGH: I have never been to the well.

MR. KELLY: Before the Commission will act in the case, we would like to have you visit the well and examine it.

JUDGE SETH: They introduced in evidence a certified copy of inspection of this well several years ago, at the trial at Mosquero.

MR. KELLY: The Commission will make an inspection of the well before a decision is made.

Dr. Head, your responsibility will be relieved if the Colo-Mex people supply the bond. Whoever is the insurance company at the time will have to plug the well. If they supply a bond your bond will be automatically cancelled.

DR. HEAD: That will relieve me of the obligation so far as plugging the well is concerned? It is up to the Commission to determine whether this well should be plugged or a new bond.

C E R T I F I C A T E

I hereby certify that the foregoing and attached seven and one-half (7½) pages of typewritten matter constitutes a true, correct and complete transcript of the shorthand notes taken by me in Case No. 50, on the 4th day of August 1944, and by me extended into typewriting.

WITNESS my hand this 24th day of August 1944.


Vastie Fowler



OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE PETITION OF
THE OIL CONSERVATION COMMISSION TO THE
STATE OF NEW MEXICO FOR THE ENJOINT
RELIEF:

CASE NO. 53

ORDER NO. 587

THE APPLICATION OF J. L. HOAD AND
H. A. MILLER FOR AN ORDER DETERMINING AS
ABANDONED THE CARBON DIOXIDE WELL SOMETIMES
KNOWN AS THE J. L. HOAD AND H. A. MILLER
CARBON DIOXIDE WELL, NAME, (SOMETIMES
DESCRIBED AS NAME) 31-201-312, HARDING
COUNTY, NEW MEXICO, AND TO GRANT LEAVE TO
FILE SAID WELL IN ACCORDANCE WITH THE LAWS,
RULES AND REGULATIONS OF THE COMMISSION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., August 4, 1944,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission".

NOW, on this 29th day of January, 1945, the Commission
having before it for consideration the testimony adduced at the hearing of
said case and being fully advised in the premises, the Commission finds:

F I N D I N G S

1. The petitioners are parties principal upon the plugging bond on
file with the Commission since March 31, 1937, covering the carbon dioxide
well described as J. L. Hoad and H. A. Miller carbon dioxide well NAME
(sometimes described as NAME) 31-201-312, undertaking as follows:

"NOW, FURTHER, if the above bounden principal and surety or either
of them or their successors or assigns, or any of them, shall plug said well,
in accordance with the program approved by the Oil Conservation Commission,
through the State Geologist, when dry or when abandoned, in such way as to
confine the oil, gas and water in their respective strata in which they are
found and to prevent them from escaping into other strata;"

2. That said well is not dry, and is capable of producing carbon dioxide
gas in commercial quantities, but is abandoned insofar as the petitioners
and parties principal upon said bond are concerned, and said well is apparently
abandoned by those purporting to have the subsequent operating rights of said
well in that they have so far either failed or refused to supply bond to
replace the bond of the petitioners herein in conformity with Article 552 of the
Commission requiring a subsequent operator or owner to supply plugging bond so
as to permit cancellation of the bond of the former operator, in this case
the petitioners.

3. That the title of the land upon which said well is located is in
litigation and ownership of the well or its operating rights are inconclusive
until final determination.

4. That the petitioners herein are entitled to and desire to be released from said bond and are willing to keep their obligations under said bond by plugging said well in accordance with the laws, rules and regulations of the Commission, unless if before the performance of such plugging, interests purporting to have the ownership or operating rights of said well replace the bond of the petitioners herein with an acceptable bond.

IT IS THEREFORE ORDERED:

A. That J. L. Head and W. A. Miller shall be permitted to plug said well in accordance with the provisions of said bond and the laws, rules and regulations of the Commission, unless before such plugging is performed any of those claiming the ownership or operating rights of said well supply the Commission with acceptable bond to cover said well pending the outcome of said litigation determining title to the land upon which said well is located and the consequent operating rights thereof. If, however, after six months from the effective date of this order, the petitioners herein have not already plugged said well or if any of those claiming the operating rights or ownership of said well have not supplied an acceptable bond to the Commission, then the petitioners herein must proceed to plug said well in accordance with the laws, rules and regulations of the Commission and its administrative requirements.

B. The order herein shall be effective 15 days after its execution.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION


CHAIRMAN


MEMBER

SECRETARY

SEAL

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

C
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September 19, 1944

J. Wesley Head, M. D.
110 East Fifth Street
Borger, Texas

Re: Case No. 53

Dear Doctor Head:

In reply to your letter of September 14, the order of the Commission in the above captioned case has not been promulgated. It was understood that the matter was in litigation and that a decree in a quiet title case was to be issued soon. My understanding is that a decision has been reached but the formal decree has not been entered.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

J. WESLEY HEAD, M. D.
110 EAST FIFTH STREET
BORGER, TEXAS

September 14, 1944.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

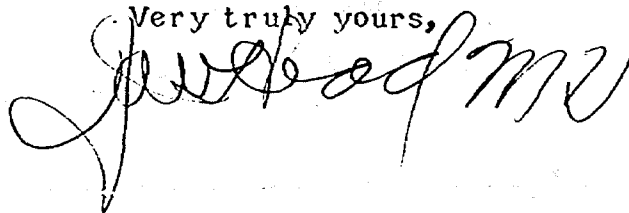
Re; Heal, J. L. & Miller W.A.
\$2,000/ bond NE $\frac{1}{4}$ NW $\frac{1}{4}$ 31-20N31E
Maryland Casualty Co. Surety
filed 3-31-37.

Re; Carbon Dioxide well NE $\frac{1}{4}$ NE $\frac{1}{4}$ 31-20N-31E Harding
County, New Mexico (Sometimes described as NE $\frac{1}{4}$ NW)

What action, if any has been taken upon my application
to pull and plug the well in the above reference. We
had not heard, and I thought possibly the letter might have
been lost. Also, what was the result of the law suit
filed, if you are advised.

Thanking you, for this, and your many past courtesies,
I remain,

Very truly yours,



KHD

Affidavit of Publication

STATE OF NEW MEXICO,

COUNTY OF HARDING

The undersigned, being first duly sworn according to law, on his oath deposes and says that he is the Business Manager of the newspaper named THE ROY RECORD; and that he has personal knowledge of the facts stated herein; that the said THE ROY RECORD is a weekly newspaper published in the County of Harding and State of New Mexico; and entered under the second class privilege at the U. S. post office at Roy, Harding County, New Mexico and having been uninterruptedly and continuously so printed and published during the period of more than six months next to date of the printing of the first publication concerning which this affidavit is made and a copy of which is hereto attached; that the publication, a printed copy of which is hereto attached and made a part of this affidavit, was published in said newspaper once each week for one successive weeks, and that payment for said publication has been made or assessed as part of the court costs in the case to which it relates; said publications being made on the following dates, to-wit:

First publication: The 14th day of July, 1944

Second publication: The _____ day of _____, 1944

Third publication: The _____ day of _____, 1944

Fourth publication: The _____ day of _____, 1944

Rae Guthmann
Business Manager

Subscribed and sworn to before me this 21st

day of July, 1944

Requie Breder
Notary Public

My commission expires: 7-6-45

PUBLISHER'S BILL

48 lines, 8-pt. type, one times, \$ 3.84

Sales Tax @ 2% _____

TOTAL \$ _____

Received payment:

By: Rae Guthmann
Business Manager

NOTICE FOR PUBLICATION

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 53

In the matter of an application of J. L. Head and W. A. Miller for an order determining as abandoned the carbon dioxide well sometimes known as the J. L. Head & W. A. Miller carbon dioxide well, NENE, (sometimes described as NENW) 31-20N-31E, Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission.

This case is set for 11 A. M. August 4, 1944.

The attorney for the applicants is K. H. Dally, esquire, Borger, Texas.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 7, 1944,
OIL CONSERVATION COMMISSION

John M. Kelly, Secretary
(S E A L)
Published July 14, 1944

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 53

In the matter of the application of J. L. Head and W. A. Miller for an order determining as abandoned the carbon dioxide well sometimes known as the J. L. Head & W. A. Miller carbon dioxide well, NENE, (sometimes described as NENW) 31-20N-31E, Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission. - This case is set for 10 A.M., August 4, 1944.

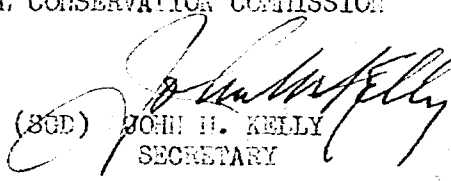
The attorney for the applicants is K. H. Dally, esquire, Borger, Texas.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 7, 1944.

OIL CONSERVATION COMMISSION

BY (SGD)  JOHN H. KELLY
SECRETARY

(SEAL)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

April 13, 1944

K. H. Dally, Esquire
County Attorney
Berger, Texas

Re: Head, J. L. & Miller, W. A. - \$2000 - NE $\frac{1}{4}$ NW $\frac{1}{4}$
31-30N-31E. Maryland Casualty Co., surety.
Filed 3-31-37.

Dear Mr. Dally:

The petition of Dr. J. Wesley Head for the determination as abandoned the well covered by the bond noted in the caption and for an order to plug said well will be set by for a hearing at a time possible for the Commission to hear this matter.

The petition in question is the only one pending — ordinarily two or more petitions are heard at the same sitting. You will be informed when the Commission can hear this matter.

Very truly yours,

John M. Kolly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

C
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Borger, Texas
April 3, 1944

Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Head, J. L. & Miller, W. A.-Carbon
Dioxide Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ (sometimes
described as NE $\frac{1}{4}$ NW $\frac{1}{4}$), Sec. 31-20N-
31E, Harding County, New Mexico.

Gentlemen:

I am enclosing herewith a certified copy of the power of attorney by W. A. Miller to J. W. Head. Also sending an affidavit which is dated in 1942, showing the condition of that property, which condition of course still exists. The last record I have of any correspondence upon this matter is in May 1943, but we are now anxious to go ahead and complete this matter under such terms as you may require.

Very truly yours,

K. H. Dally

KHD:wjb
Encl.

THE STATE OF TEXAS
COUNTY OF HUTCHINSON

TO THE NEW MEXICO OIL CONSERVATION COMMISSION:

Before me the undersigned authority on this day personally appeared Dr. J. Wesley Head, to me known, who being by me first duly sworn on oath, deposes and says: That he is surety or guarantor upon the drilling bond of J. L. Head and W. A. Miller in the sum of Two Thousand and 00/100 (\$2000.00) Dollars upon the Northeast quarter (NE $\frac{1}{4}$) of the Northwest quarter (NW $\frac{1}{4}$) 31 - 20 N - 31 E. Maryland Casualty Company, Surety. Filed 3/31/37; that he was also interested in the ownership of the well drilled under said bond; that affiant was the last person to be in actual and active management and control of said well; that no work of any kind or character and no plan of development has been undertaken or contemplated since sometime early in 1938; that since said time no person interested in the ownership of said property has exercised any active control or management of same; that said well is in fact an abandoned well; that since the completion of the drilling operations, operators have not been able to obtain any sale for the products of said well and it is not probable that any sale can be obtained in the future, according to present prospects. That there is at the present time no plan and no effort being made by any person interested in the ownership of said well to operate or produce same; that affiant desires and requests that said well be adjudged to be an abandoned well so that he may post the necessary bond in the sum of Five Thousand and 00/100 (\$5000.00) Dollars as required by law.

WHEREFORE your petitioner prays the Oil Conservation Commission to have this petition set down for hearing and that upon hearing hereof this honorable commission adjudge said well to be an abandoned well, and grant leave to your petition to plug same in accordance with with the administrative requirements.

Subscribed and sworn to before me this 14th day of March, A.D., 1942.

James L. Head
H. M. Dally
NOTARY PUBLIC IN AND FOR

POWER OF ATTORNEY

THE STATE OF TEXAS)
HUTCHINSON COUNTY)

KNOW ALL MEN BY THESE PRESENTS, that I, W.A. Miller of the County of Potter, State of Texas, have made constituted and appointed, and by these presents do make, constitute and appoint J.W. Head of Hutchinson County, Texas my true and lawful Attorney, for me in my name, place and stead, to settle and adjust all partnership demands, accounts and claims now existing between myself and J.W. Head, and to submit the same to and decide them by arbitration, and in all matters appertaining to the settlement and adjustment of the affairs of said partnership, in all respects to do and act as by him shall be deemed best; giving and granting unto my said Attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully, to all intents and purposes, as I might or could do if personally present; hereby notifying and confirming whatsoever my said Attorney shall and may do by virtue hereof in the premises.

I witness whereof I have hereunto set my hand and seal this 31st day of May A.D., 1937.

(SIGNED) W.A. MILLER

STATE OF TEXAS

COUNTY OF HUTCHINSON

Before me, a notary public in and for the County of Hutchinson, State of Texas, on this day personally appeared W.A. Miller known to me to be the person whose name is subscribed to the above and foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 31st day of May, 1937.

(SIGNED) JOHN H. WHITE
NOTARY PUBLIC IN AND FOR
HUTCHINSON COUNTY, TEXAS.

MY COMMISSION EXPIRES June 1st, 1937.

THE STATE OF TEXAS

COUNTY OF HUTCHINSON

I, K.H.Dally, Notary Public, in and for Hutchinson County, Texas, hereby certify that the attached and foregoing instrument is a true and correct copy of the original instrument now in my possession, and that the signatures thereon are the genuine original signatures of the parties.

WITNESS My hand and official seal of office on this the 14th day of May, 1943.

7
NOTARY PUBLIC HUTCHINSON COUNTY
TEXAS.

NEW MEXICO OIL CONSERVATION COMMISSION

CIRCULAR NO. 4

**RULES AND REGULATIONS FOR
CARBON DIOXIDE FIELDS IN THE
STATE OF NEW MEXICO**



ISSUED BY THE

OIL CONSERVATION COMMISSION

JULY 1, 1937

OIL CONSERVATION COMMISSION

GOVERNOR CLYDE TINGLEY, Chairman

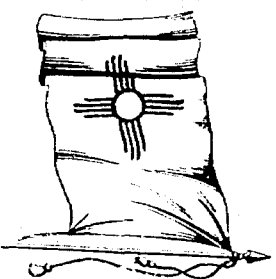
G. D. MACY, State Geologist

FRANK WORDEN, Commissioner of Public Lands, Secretary

NEW MEXICO OIL CONSERVATION COMMISSION

CIRCULAR NO. 4

RULES AND REGULATIONS FOR
CARBON DIOXIDE FIELDS IN THE
STATE OF NEW MEXICO



ISSUED BY THE

OIL CONSERVATION COMMISSION

JULY 1, 1937

OIL CONSERVATION COMMISSION

GOVERNOR CLYDE TINGLEY, Chairman

G. D. MACY, State Geologist

FRANK WORDEN, Commissioner of Public Lands, Secretary

NEW MEXICO OIL CONSERVATION COMMISSION

ORDER NO. 67

RULES AND REGULATIONS FOR CARBON DIOXIDE FIELDS IN THE STATE OF NEW MEXICO

EXPLANATION

These general and special rules and regulations for the Carbon Dioxide fields, in the State of New Mexico, were adopted by the Commission June 26, 1937 and became effective July 1, 1937.

GENERAL RULES AND REGULATIONS

The general rules and regulations of the New Mexico Oil Conservation Commission in Circular 1, "Oil and Gas Conservation Law and General Rules and Regulations for the Conservation of Oil and Gas in New Mexico", shall apply to all present and all future wells in the Carbon Dioxide fields in the State of New Mexico, except as such rules and regulations are modified or amplified herein to meet the special conditions in the various fields, and to control and prevent waste in these fields.

BONDING REQUIREMENTS

Before Form C-101, "Notice of Intention to Drill", is granted or approved by the Oil Conservation Commission, it will be necessary for the operator to have on file with the Oil Conservation Commission an approved and accepted corporate surety bond in the principal amount of \$5,000.00 for an individual well or a blanket corporate surety bond in the principal amount of \$10,000.00 where the operations cover more than one well. Each such bond shall be executed by a responsible surety company authorized to transact business in the State of New Mexico.

When the well or wells involved, or any such wells, are located on a State oil and gas lease, and the surface of the land involved was sold by the State prior to such oil and gas lease, such bond may, at the election of the principal, be conditioned not only for the plugging of such well or wells as above provided, but also to secure the payment for such damages to the livestock range, water,

crops or tangible improvements on such land as may be suffered by such purchaser or his successors in interest by reason of the development, use and occupation of such land resulting from such oil and gas leases.

Any bond conditioned as provided in the last preceding sentence must be approved, not only by the Commission, but by the Commissioner of Public Lands in his capacity as such.

All liability on bonds conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved. Bonds conditioned to protect surface owners as aforesaid shall cover liability incurred during the entire period of oil and gas operations by the principal on the lands involved.

The Commission will, in writing, advise the principal and sureties on any bond conditioned to plug wells, as to whether the plugging is approved, in order that, if the plugging is approved, liability under such bond may be formally terminated.

Forms of bonds which will be acceptable will be furnished by the Commission.

PRODUCTION UNITS AND SPACING REGULATIONS

The production unit for the Carbon Dioxide fields is hereby established as a 40-acre tract or lot as determined by U. S. Government surveys, and no wells shall be drilled in excess of one to each such tract and no location shall be made closer than 350 feet from any two of the boundary lines of such subdivisions.

WRITTEN NOTICES, REQUESTS AND REPORTS

Written notices, requests and reports shall be required by the Oil Conservation Commission provided for in Circular 1 of the Commission, Rules 21 to 38 inclusive. Forms to be used in this connection, to be furnished by the Oil Conservation Commission, include:

- First-Surety Bond (See "Bonding Requirements", Page 3.
- Form C-101. Notice of Intention to Drill.
- Form C-102. Miscellaneous Notices.
- Form C-103. Miscellaneous Reports on Wells.
- Form C-104. Operator's Monthly Report of Operation.
- Form C-105. Well Record.
- Form C-106. Request for Permission to Connect with Pipe Line.
- Form C-107. Purchaser's Monthly Report.

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In the case of wells on lands belonging to the United States copies of notices and reports to the proper officials of the United States will be accepted in lieu of these forms.

CASING TESTS FOR ALL FIELDS

The surface casing string shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. The surface casing shall stand cemented at least 36 hours before drilling plug. The intermediate string shall stand cemented not less than 48 hours before testing. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. This test shall be made both before and after drilling plug. The production string shall stand cemented not less than forty-eight hours before testing. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. This test shall be made before drilling plug and also after drilling plug, if practicable.

All cementing shall be done by the pump and plug method.

Bailing tests shall be used on all casing and cement tests. In making bailing tests, the well shall be bailed dry and remain dry for approximately ten hours.

If any string of casing fails while being tested by bailing tests herein required, it shall be recemented and retested, or an additional string of casing shall be run and cemented. If an additional string is used, the same tests shall be made as outlined for the original string. In submitting Form C-105, "Notice of Intention to Drill", the number of sacks of cement to be used on each string of casing shall be stated.

SPECIAL CASING PROGRAM

At wells in the Carbon Dioxide fields of the State of New Mexico where the general and special rules and regulations are not applicable because of exceptional conditions, the Commission may approve special casing programs upon request and provided adequate proof is submitted to justify such special programs and to assure the prevention of waste.

SURFACE EQUIPMENT

Meter settings and recording meters of adequate size to measure efficiently the gas produced shall be installed by the operator on each and every producing well. These meters shall be subject to check at all times by the Oil Conservation Commission.

-5-

Well head equipment and suitable pressure gauges shall be installed and maintained in first class condition at all times. All well head equipment consisting of the following: one master gate installed in cellar, one high pressure 2-inch gate installed at well head and such other equipment and connections and surface lines that the Oil Conservation Commission shall deem necessary, which shall test over 1000 pounds working pressure and be subject to the inspection and approval of the Oil Conservation Commission at all times.

All plant plans and designs, plant equipment and connections in present plants in this field and in any future plants which may be constructed shall be subject to the inspection by and the approval of the Oil Conservation Commission.

DEVIATION TESTS

When the deviation from vertical in any 500-foot interval averages more than 5 degrees the hole shall be straightened.

CONFLICTS BETWEEN GENERAL AND SPECIAL RULES AND REGULATIONS

In case of conflict between a general and a special rule or regulation, the special rule or regulation shall prevail without regard to the effective dates of the respective rules or regulations, unless the contrary is clearly prescribed by the Commission. (Rule 41. of Circular No. 1—General Rules and Regulations for the Conservation of Oil and Gas in New Mexico.)

SPECIAL RULES AND REGULATIONS FOR THE BUEYEROS FIELD, HARDING COUNTY, NEW MEXICO.

CASING AND CEMENTING PROGRAMS

Commercial producing horizons in the Bueyeros field as determined by present drilling are between the approximate depths of 800 feet to 1000 feet and 1500 feet to 2100 feet.

In order to protect these horizons and the various waters encountered, the following casing and cementing programs shall be followed:

Casing programs for the Bueyeros field shall consist of (A) a surface casing string, (B) an intermediate casing string, except as hereinafter provided, and (C) a production casing string.

A. Surface Casing String.

In order to protect the fresh water supply, the surface casing string shall be set at least 10 feet below any water encountered under 300 feet and cemented back to the bottom of the cellar.

B. Intermediate Casing String.

The intermediate casing string, if considered necessary by the Oil Conservation Commission shall be set below the first commercial producing horizon and shall be cemented with 150% of the calculated amount to bring cement to the bottom of the surface string.

C. Production Casing String.

The production casing string shall be set and cemented on the top of or in the producing horizon, as ordered by the Oil Conservation Commission. This string shall be cemented with 150% of the calculated amount to bring the cement to the bottom of the next larger string. The present known thickness of the first commercial horizon is approximately 50 feet and the second known horizon between 50 feet and 100 feet. In no case shall the operator drill more than two-thirds of the distance through the horizon he intends to produce from.